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9 MAY 1990



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# ***JPRS Report—***

# **East Europe**

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# East Europe

JPRS-EER-90-063

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## CZECHOSLOVAKIA

### Investigation Sheds Little Light on November Events

#### Commission Member Comments

90CH0044A Prague REPUBLIKANSKE LISTY in Czech Apr 90 p 2

[Interview with Miroslav Hejda, member of the Independent Investigative Commission; place and date not given: "Investigative or Warren Commission?"]

[Text] 17 Nov 1989—It is perhaps too soon for this date to appear in history textbooks, but it is high time to shed light at last on the entire background of these stirring events. Documents and materials proving guilt are disappearing or have already disappeared, the plotters of the massacre are very successfully forgetting as time passes, and even the investigation that lasted several months did not bring definite results, so that in the end this revolutionary date could remain surrounded by uncertainties even in the history books. To get at the truth about everything that happened on 17 November is also the concern of the Independent Investigative Commission. It is doing its job so honestly and thoroughly that in its enthusiasm it found itself at odds with practically all the parties, even with the Coordinating Center of the Public Forum. We asked a member of the Independent Investigative Commission, Miroslav Hejda, to talk to us.

[REPUBLIKANSKE LISTY] A considerable part of the public thinks that the entire investigation of the events of 17 November is somehow fading out.

[Hejda] It is true that it often seems as if someone were trying at the very least to cloud many of the events. It is of course very complicated to tell who and from where. The army district prosecutor's office is making an effort to bring to light all the circumstances and to have the guilty ones punished. We can say the same also about the parliamentary commission. But we constantly come up against efforts to suppress something, to conceal someone. The worst thing in this is the silence of those responsible. Their excuse is that they do not remember or that they feel bound to maintain silence. Of course, the state also often requires that some things not be revealed.

[REPUBLIKANSKE LISTY] Do you see a way to break through this barrier of silence?

[Hejda] I believe that those people should be released from the obligation to remain silent who are under oath and who perhaps would begin to testify only after being released from that obligation.

[REPUBLIKANSKE LISTY] And who should release them from the obligation to maintain silence?

[Hejda] That can only be the Minister of the Interior Richard Sacher, further incentives to do that should also

come from Ladislav Lis who has been charged with reorganizing the State Security Corps, and maybe also from the verification commission.

[REPUBLIKANSKE LISTY] Why do you think they have not done it yet for everybody?

[Hejda] I do not know, perhaps they think that it is not in the public interest.

[REPUBLIKANSKE LISTY] What do you mean by that?

[Hejda] The internal political situation. Some things could come to light which could endanger or influence public opinion, politics, it could stir up some undesirable emotions. There is also the risk that it could result in a lack of objectivity.

[REPUBLIKANSKE LISTY] When can the situation change?

[Hejda] When our official representatives find that it is necessary. When they stop being afraid of each other.

[REPUBLIKANSKE LISTY] Perhaps most of the speculations concern the deepest background of the events of 17 November. There are rumors and conjectures of the broadest possible spectrum. From intervention by the CIA to an effort by the State Security Corps to provide a motive for purging its own ranks.

[Hejda] There indeed exist several hypotheses about the background of 17 November. One is based on the contention that certain circles in the Czechoslovak leadership of that time had an interest in a harsh action. But the whole situation then got out of hand and ended up not the way they wanted. We tend to agree with this version. According to our hypothesis, the intervention on Narodni Avenue was to create emotions which would provoke such a situation that would enable the army to come in and usurp power. Another serious hypothesis holds that some foreign country, an Eastern country, had an eminent interest in the events of 17 November. But of course for the time being it is very difficult to say much about it because these are only hypotheses, nothing more. And then there is the possibility that everything happened spontaneously, even though that is not very probable.

[REPUBLIKANSKE LISTY] What makes you lean toward the first version?

[Hejda] We have conclusive evidence that 17 November was planned at least a month ahead and that the police at that time drilled in the exact area which coincided with Narodni Avenue and adjacent streets. The eventual course of the action also attests to that. Beginning roughly at 2:30 in the afternoon, at a time when on 17 November people started to congregate in Albertov, the cars of the Public Security Corps were already driving along the rafting yard, and vehicles with members of the emergency regiment and other police vehicles were entering the center of Prague. The police then took up

positions at all key points so that the crowd could not get to the center of Prague across Charles Square but could make its way there only along the embankment. The Security units then trailed the crowd all the time along the parallel streets. We even have a videotape from a mobile camera of the State Security Corps, where one member says, I quote: "If they go straight ahead, then it will be a fizzle." What he meant was, if they continue in the direction of the Department of Philosophy on today's Palach Square and do not turn into Narodni Avenue.

A further proof that 17 November was planned ahead of time is also the presence of members of the State Security Corps among the demonstrators from the beginning to the end of the procession. Their activity according to all indications was not just a controlling one but also a directing one. An example, for instance, is the well-known case of Lieutenant Zivcak of the State Security Corps who pretended to be a dissident. Unfortunately, he, too, decided not to talk. At first he excused himself by insisting that he is bound by an oath, but when he was released from his obligation to be silent, he said that he did not remember anything. That, after all, is typical of what happens when trying to shed light on the activities of the State Security Corps.

[REPUBLIKANSKE LISTY] Does it mean, then, that the entire action was planned and directed centrally, let us say, by a staff headquarters?

[Hejda] Well, that is exactly the question. It seems that not all those who were in command of the police action were fully initiated into what the actual plan was. Or that some proceeded during the course of the action without the knowledge of other units. Many facts point to that. To begin with, in command of the action was to be Lieutenant Colonel Becvar, who, according to what is known, was not where the action was taking place at all. Moreover, which can say much about the affair, on the day he was released from the obligation to remain silent, he allegedly committed suicide. Furthermore, the actual course of the police action attests to our conclusions. According to the evidence we have, the commander of the action or his deputy, who was actually there, was to leave a free passage through Mikulandska Street, from which the crowd was to have been pushed from Narodni Avenue into the side streets. The deputy commander of the action, Lieutenant Colonel Danisovic, who had his command post in the middle of the crossroads by the Maj department store, gave the order, according to plan, for the cordon of policemen to advance from Casa Pascal against the demonstrators. The cordon, which blocked Narodni Avenue by the National Theatre, pushed the crowd from the other side. But contrary to the plan it did not stop by Mikulandska Street, through which the demonstrators were to be dispersed, but passed it and the crowd was thus left without the possibility of escape. People were so crowded together that the mass of their bodies pushed two cars together, trapping a girl between them. It almost crushed her legs. And then came the time

of the infamous streets through which the demonstrators had to run under the truncheons...

[REPUBLIKANSKE LISTY] So the final conclusion is that not even all the commanders involved in the action knew that someone intended a most brutal suppression of the demonstration?

[Hejda] It is certain that the deputy commander of the action, who was at the intersection by the Maj department store, became de facto a victim. A victim of someone who actually was in charge of the entire action, who knew substantially more about it, and who, by the most brutal beating of the demonstrators, followed specific objectives. But in order to shed full light on all these connections, we must force those responsible to give testimony.

[REPUBLIKANSKE LISTY] Thank you for the interview.

#### **Further Questions Raised**

90CH0044B Prague LIDOVE NOVINY in Czech  
31 Mar 90 p 8

[Article by Jiri Ruml: "Question Marks Without Answers"]

[Excerpt] [passage omitted] CTK reporters R. Gallo and J. Kabele asked a former member of the State Security Corps, Major Dr Petr Zak (in January 1989 he arrested Vaclav Havel) for an interview; he answered the question "what do you think of the theory that the CPCZ [Czechoslovak Communist Party] leadership was not united, that it was splintered into several factions, of which one wanted to discredit Milos Jakes so that it could remove and replace him, and that it therefore planned the harsh police action on Narodni Avenue," thus: According to my information, too, it has credibility. There were dissensions in the CPCZ leadership, and there was great rivalry among four groups....

When the CTK reporters met with the former Major Zak the second time, the talk understandably turned to 17 November, as well as to previous actions taken that year. "The expression of discontent," said Zak, "were to be mass demonstrations in September and October. Prior to them, of course, we took preventive measures to secure the main organizers." But why didn't you proceed the same way on 17 November? "Those decisions were not up to us. Somebody else decided for us..." Who was it? "I would leave that to the CPCZ officials to judge."

So much for the former Major of the State Security Corps, who is not one any more. I leave it without comment, but I shall provide other facts which the public does not know yet:

1. The contact with Security in the 13th Department of the CPCZ Central Committee was maintained by Jakub Solik, Viliam Babulik, Vaclav Zajicek and Cihlar—Rudolf Hegenbart, who was then in a position of responsibility, probably would know more about it.

2. In the command headquarters of the action against students on 17 November, Soviet KGB General Teslenko acted as adviser. Said to be "only an observer"—or more likely he was supervising how the command follows the scenario of the "closing cordon"?

3. On that day Gen. Lorenc allegedly held discussions with some Soviet advisers in a safe house in Brevnov, and later issued an order (?) to dispose of compromising material. There are contradictions on this point—either he really issued such an order, and then he should be criminally liable, or this material is still available. To whom?

4. Where are the other high officers of the Ministry of the Interior, Nezval, Sedlak, Vostarek and last but not least the "shocked" Carda, and what are they doing?

5. I also have here the "assistants to the organizers" of the railway ball, whom Vasil Mohorita names as his friends in the operation against the Chartists: Ladislav Danek was then the cadre deputy of Railroad Construction, Petr Liska an employee of the CPCZ municipal committee, Jan Halas was in the Prague Meat Industry (they would perhaps know more about him in Zvonarka), Karel Starek was a control official without a specific designation. Together with them were present there in January 1978 and then testified against Havel, Kukal and Landovsky; Petr Sedlacek (state employee of the Ministry of the Interior), Jan Jerzabek (driver for the Central Committee of the Czechoslovak-Soviet Friendship League), Jaroslav Hrkal (General Directorate of Metallurgy and Iron), Josef Adamek (state employee?), Milan Hirsch (state employee of the Ministry of the Interior), Jiri Dolezal (Public Security), Antonin Bucek (Ministry of the Interior), and Lieutenant Brajer (ditto, Ministry of the Interior). All high society at the time the ball was held. Today they may be organizing Communists' Clubs in residential areas, and they do not have to be afraid that someone would disperse them, beat them up, detain them, or drive them off into the woods. They are not even under surveillance, because the chief of the surveillance section of the State Security Corp told the CTK reporters: "My subordinates are at home by the telephone waiting to be called before the verification commissions. I can guarantee you that the activities, which used to be our main duty, are not being engaged in by any of the employees of the surveillance section. At the same time, however, I can state that if an urgent case comes up, we will be able to immediately activate members on the order of the CSSR Minister of the Interior." He said that at the end of February and I believe him, because I know them quite intimately.

I could have ended this here, but a week ago the general prosecutor of the Czech Republic, Dr. Pavel Rychetsky, said on television that the circumstances of the November police action still remain considerably unclear and that the participation of "yet another command headquarters" is not ruled out, when speaking about another extension of the custody in which Miroslav Stepan has been held since Christmas.

I could ask why only he, of all the responsible leading officials of the CPCZ, or why the CPCZ, so quickly and expediently expelled dozens of other high functionaries—but I shall rather ask those who will meet in Prague at the founding congress of the Communist Party of Bohemia and Moravia what kind of party they want to establish and who will accompany whom to the next coup?

And I take the liberty to suggest to the editors of RUDE PRAVO that they reprint this article with my permission, since they like to quote from LIDOVE NOVINY so much.

## GERMAN DEMOCRATIC REPUBLIC

### Soviet Comment on Unification Legality Published *90GE0025A East Berlin BERLINER ZEITUNG in German* 22, 23 Mar 90

[Article by Aleksandr Matveyev of the International Law Department of the USSR Foreign Ministry: "Allied Rights and German Unity"—first paragraph of each part is BERLINER ZEITUNG introduction]

[23 Mar p 4]

[Text] An unresolved question that is omnipresent in discussions about future German reunification is the question about the so-called right of exception of the four World War II allied powers over Germany. Therefore, BERLINER ZEITUNG asked the Foreign Ministry of the USSR for a contribution on the legal aspects of this problem. We are publishing below the first part of the response from Alexander Matveyev, staff member of the Department of International Public Law in the Foreign Ministry in Moscow. Part two will follow tomorrow.

The course of European history has accelerated unexpectedly and noticeably. The subject of German unity that appeared at a great distance recently is on the agenda. This requires giving thought to many questions that affect not only both German States existing today: what status should the new unified Germany have? How should it fit in with the post war order of Europe? What part do the four allied powers play in this process?

It is known that the four allied powers—the USSR, the United States, Great Britain, and France—which carry the responsibility for the status and development of the German question have asserted their rights regarding Germany in its totality more than once in the course of the 40 postwar years. These rights were formulated in the resolutions of the Potsdam Conference as well as in other relevant resolutions and treaties of the wartime and post war period.

This was confirmed in the Soviet Union with the order of the Headquarters of the Supreme Soviet of the USSR "Regarding Cessation of the state of war between the Soviet Union and Germany" dated 25 January 1955.

This Order stated: "The declaration regarding cessation of the state of war with Germany does not change its international commitments and does not affect the rights and obligations of the Soviet Union which result from the existing international treaties of the four powers regarding Germany as a whole." This standpoint of the USSR is guaranteed in the manifold international agreements of the country which influence the German problem.

#### **Authorities Not Restricted by Time Limits**

The other three allied powers also approached this analogously. They substantiated their rights with domestic policy documents as well as with the international agreements they made. It was emphasized in the declaration by the American President regarding cessation of the state of war between the United States and Germany dated 24 October 1951 that "the rights, privileges, and the status of the United States and other forces of occupation in Germany as well as the rights and privileges of the United States and its citizens which the United States and its citizens acquired as a result of the war as well as the right to realize these rights and privileges or the realization of same result from the fact of victory over Germany and the takeover of supreme power by the allies and are not affected by the cessation of the state of war."

The rights and responsibilities of the allied powers regarding Germany were also jointly confirmed by them several times; e.g., in the declaration of their governments dated 9 November 1972 on the issue of GDR and FRG membership in the UNO [United Nations Organization]. Again, it was emphasized that "this membership will not in any way affect the rights and the responsibilities of the four powers and the corresponding treaties, resolutions, and conventions pertaining thereto."

The rights and responsibilities of the four powers regarding Germany were not restricted by a time limit. They are fully valid, at least until a peace resolution for Germany including a peace agreement with Germany in which the existing European realities as well as safety guarantees for Germany's neighbors and other states are conclusively secured from an international law standpoint. As long as the four powers do not jointly dispense with their rights regarding Germany as a whole, the full scope of these rights will remain in effect.

#### **Repercussions of World War II**

The legitimacy of the appropriate acts, dictated by security and stability considerations, is based in contemporary international public law, including in one of its most important sources, the UNO Charter. Article 107 thereof states that the Charter "will in no manner restrict or hinder the legal force of those acts that were undertaken and sanctioned by those governments that carry responsibility as a result of World War II regarding a State that was an enemy of a random signatory state of the Charter during World War II."

What, then, does the nature of the rights and the responsibility of the four powers regarding Germany in its totality amount to? In order to get a better idea of the current situation, it is necessary to turn to those steps undertaken by the Allies after the end of the war in Europe.

These rights result from Germany's defeat in World War II, the loss of its sovereignty and the takeover of supreme power by the Allies. After the establishment of the FRG and the GDR in 1949, a part of the power authority was transferred to these states, the sovereignty of which thus displays characteristics derived from the authority of the Allies. However, neither the USSR nor the three Western allies have surrendered those rights they have at their disposal regarding Germany in its totality to the new German states.

What did Germany represent after cessation of the war in Europe? The instrument dated 8 May 1945 established the "unconditional military capitulation" of all of Germany's military forces. Article 4 of this instrument emphasizes that it "represents no hindrance for the replacement by another general document regarding the capitulation, signed by the United Nations or in its name and applicable to Germany and German forces in their totality." The unconditional capitulation of all of Germany as a state is meant in this context, i.e., the so-called general capitulation, under which the defeated state loses its sovereignty and international ability to act, an occupation command of victorious states is established on its entire territory and its populace assumes certain obligations. The stated regime of "general capitulation" was established by a series of documents of the allied states.

The first of these documents is the declaration regarding the defeat of Germany and the takeover of supreme power in the country by the governments of the four powers dated 5 June 1945. It was acknowledged in the preamble of the declaration that "the unconditional capitulation of Germany has materialized and Germany has surrendered in reliance upon the demands that can be dictated to it today or later." It was declared that the governments of the four powers "thus take over the supreme power in Germany, including the comprehensive power the German Government had at its command...."

#### **De Facto and de Jure Downfall of the Reich**

The issue of legal succession was decided in this manner. Even the legal form of takeover of power by the governments of the allies was more precisely established, and the German Reich de facto already forfeited its power at the time of capitulation. Legally, the German Reich ceased to exist at the moment of acceptance of this declaration.

Article 13 of the declaration establishes that the four allied governments shall implement such steps they find necessary for future peace and security, including complete disarmament and demilitarization in effecting the supreme power regarding Germany.

[23 Mar p 4]

[Text] A question that always seems to be left unanswered in discussions about future German unity is the question about the so-called rights of exception of the four Allied powers which were victorious over Germany in World War II. Therefore, the BERLINER ZEITUNG asked the Foreign Ministry of the USSR to write an article about the legal aspects of this problem. We published the first part in yesterday's issue. Read the second part below.

All essential resolutions regarding the German question that were accepted by the Allies up to this point at the Potsdam Conference were generalized and expounded.

The conference resolutions set forth all organizational questions of power in Germany in detail. It was pointed out that supreme power in Germany was embodied in the Supreme Commanders of the Allied Forces, "individually in his zone of occupation pursuant to the directives of the corresponding governments" (and, furthermore, the corresponding rights of the Allies were passed on to the FRG and the GDR) as well as "in the issues applicable to all of Germany by the members of the Supervisory Council collectively."

The Potsdam Conference founded the Council of Foreign Ministers that was given the task of discussing the future of Germany. It was pointed out in the minutes of the Conference that an "urgent and important task of the Council...is preparing proposals to regulate unresolved territorial issues that arose in conjunction with the cessation of war in Europe. The Council is charged with preparing a peace settlement for Germany so that the corresponding document is considered suitable for this goal by the government of Germany, as soon as a government has been installed."

#### **...So Threats Never Again Emanate**

It was resolved in Potsdam that "the Allies should conjointly take other steps necessary—today and in the future—so that Germany will never again threaten its neighbors and the maintenance of peace in the whole world." That is a direct commitment that the Allies accepted, and they may not avoid the fulfillment thereof.

One can draw the conclusion from an analysis of the Conference resolutions that the determination of the fate of Germany as a whole, including a peace settlement, was only conceived on the basis of conjoint resolutions and acts of the Allies. In principle, the institution of the FRG and the GDR changed nothing about this decision because this foundation transpired within the framework of the realization of Allied rights. The institution of a government of a united Germany was considered possible even prior to finalization of a peace settlement. However, this government was supposed to "be suitable" as a signatory of a peace agreement. Its recognition as an overall German Government by all four Allies was to be a requirement. This indicates that all mechanisms for reunification of Germany, for formation of a unified

government and for finalization of a peace agreement are only possible with the acquiescence and under the control of the Allies.

One must also consider that, from a legal standpoint, transference of any Allied rights connected with the self-administration of the FRG or GDR by no means represents a waiver or the automatic transference thereof to a unified Germany.

#### **Unification Requires Consent**

The exclusive Allied rights regarding Germany in its totality as they were established in corresponding resolutions and agreements of the War and postwar period are upheld to the fullest extent. These Allies carry the international responsibility "that Germany will never again threaten its neighbors and the maintenance of peace in the whole world." Random measures for reunification of Germany must be implemented with the consent of the Allies on the basis of the Potsdam Resolution and other appropriate resolutions.

Of course, Allied rights do not negate or question the right of the Germans to unity. This right was also never disputed by the Soviet Union. Basically, the Germans have the right to decide for themselves whether the GDR and the FRG become one unified State or their mutual relationship should develop in other political patterns for a time. However, as Mikhail Gorbachev emphasized, "it must be clear from the outset that neither the process of rapprochement between the FRG and the GDR or even a unified Germany may cause a threat of jeopardizing the national interests of the neighbors or of anyone else at all. Of course, any endangerment of the borders of another state is also precluded." A special responsibility of the Allies is seen in preventing a transformation of the German question into an issue of destabilization in Europe and the world. This would cast a shadow upon the developmental perspective of the overall European process and the creation of a basically new structure of European security and cooperation of free peoples.

## **POLAND**

#### **Rural Youth Union Chairman on Union Activities**

90EP0427A Warsaw DZIENNIK LUDOWY in Polish  
30 Jan 90 p 3

[Interview with Jan Bury, chairman, Rural Youth Union, by Jan Lepeta; place and date not given: "There Will Be No Orders"]

[Text] [DZIENNIK LUDOWY] Congratulations and please introduce yourself.

[Bury] Born 1 Oct (Libra), blonde, eyes—some say they are gray, others say blue, I maintain that they are dark gray—height 182 cm, weight 75 kg.

[DZIENNIK LUDOWY] There are buxom girls in the ZMW [Rural Youth Union]...

[Bury] I am a bachelor, albeit a busy one.

[DZIENNIK LUDOWY] Then we congratulate your girlfriend for whom you will not have much time now. The ZMW needs new energy. Do you know how to provide that?

[Bury] I think that all rural young people know what they need and what their union could do. I believe that "union" means the sum of the activity of the individual members and circles, and as an organization it can make all of that easier to do. We have decades of good experience and it will suffice to simply take advantage of what was good and what proved correct.

[DZIENNIK LUDOWY] That sounds beautiful and logical. Why has it not been that way?

[Bury] I would not want to go back to that, because it is difficult to generalize, and if I were to answer in detail I would take up half of your emaciated paper. But to say something—and ZMW members and our observers will develop that for themselves—we must move away from centralized structures, we must understand the concept of the union's "authorities" differently and not overuse that word, we must stop treating union participation as a chance to take advantage of what the youth organization should not be giving. We must be a youth organization that, thanks to participation in the union, has fun, learns, and finds the possibility of fulfilling the needs of man.

[DZIENNIK LUDOWY] And decrees, declarations, positions in the name of the rank and file?

[Bury] I sense hostility here....

[DZIENNIK LUDOWY] Why? After all, under your chairmanship, you have already protested against the nationalization of what you own, you have taken a stand against the farm policy...

[Bury] Twice after the war, part of the ZMW's holdings were taken for the nonrural youth. So far, this matter has not been settled, and after all this concerns property that was genuinely built by rural youth. At the very least, in the case of the most notorious issue of the People's University in Wierzchoslawice. And the farm policy's current solutions completely close off opportunity for young farmers. We will be taking positions in the name of rural youth on the issues that concern it. That is obvious, and the union must also attend to that. But that does not mean that the ZMW has to confine itself to grand politics or be a political party of sorts or be a trade union of the rural youth. There are parties and unions for that. We will defend the interests of our members and that is one of our main goals, but not the only one. I see the fundamental activity in the circles.

[DZIENNIK LUDOWY] Organic work?

[Bury] Very close to organic work. The union should help to organize it, but not impose it in the form of declarations "from above" or uniform methods or from reports. Youth does not tolerate any bureaucracy. Even the word "organization" has a suspect meaning. Rural youth is composed of schoolchildren, farmers, students, teachers, administrative workers, and so on. We can not all of us in all of Poland do the same thing. And especially not on the order of a "boss" who reached some high post. And absolutely not on a "discreet" recommendation "from outside." We want to be sovereign and treated subjectively, and internally—we will listen to good advice, but the rest belongs to us alone and depends on us. And I do not suppose I have to explain that exactly.

[DZIENNIK LUDOWY] I am not waiting for that. We have described more than once in DZIENNIK LUDOWY how excellently rural young people manage to organize around youth issues. It was worse when they "turned into activists" and looked outside for patterns and "sponsors" along with various habits and principles, which did some harm to the union's activity and its reception among young people. I understand that you want to get rid of this ballast, but... Young people get older and some are attracted to politics while still young enough to be in the union....

[Bury] That is normal and it is difficult to be a "youth unionist" through age 35 and only afterwards think about "adult" activity. The majority of peasant party activists—I believe that there will soon be just one PSL [Polish Peasant Party]—originate in the ZMW. We want to have one strong partner of just that sort—a peasant party. We stand in the forefront of this kind of party and we will not depart from supporting it. And this is natural. We will not impose anything like a union, but we grow from a single stem, from one environment, we constitute a part of the peasant movement.

[DZIENNIK LUDOWY] Not long ago I heard it claimed by activists of the National Council of Young Farmers that the chairman is not a peasant, he does not till the soil....

[Bury] I was born in the country—in Lapajowka near Przeworsk. I went to a rural grammar school with combined classes. I graduated from the Agricultural Mechanization Technical School. Now, I am in my fifth year in the Department of Law and Administration in the branch of UMCS [Maria Curie-Sklodowska University] in Rzeszow. I go home and milk the cows. My grandfather was in the PSL before the war. My father was in "Wici," later he was in the ZSL [United Peasant Party], and now he presides over a circle of PSL "Odrodzenie" [Polish Peasant Party—"Rebirth"]. I am a member of the Chief Executive Committee of PSL "Odrodzenie." And I am not a farmer? First of all, I was elected chairman. Second, we are not a union of young farmers. I mean, not a union of only young farmers. Limiting ourselves to just agricultural and economic affairs would be a mistake. Not speaking about myself anymore, if the ZMW is a union of young people living

in the country, having roots in the country, and understanding its affairs, it will be strong, valuable, and responsive to rural youth. The powers and quality of the ZMW at its best have been determined by intellect, including intellect that was already "adult," but vitally connected to the union. If we can continue to count on such support—authentic and heartfelt, not opportunistic and phony—then it will be easier for us to operate, and at the same time, this will be the best indicator that we are operating in a proper manner.

[DZIENNIK LUDOWY] The countryside and thus rural youth live close to the Church. Up until now, the ZMW—at least at the upper levels—has perceived this fact poorly.

[Bury] I took part in "Oasis" at two levels. I gained a lot from that, and I am convinced that the Church's social teachings and the ideals of young people walk hand in hand. In the country, in the gminas there has been no division between the Church and the youth. Before the harvest festival, mass was held. Membership in the ZMW did not interfere with church attendance. This was true even in the "upper levels," although here the fact that the majority of rural young people are Catholics was more often overlooked. We want to change that and in fact not do other than it really is. I have already met with Father Bijak, and the rest will be the natural consequence of the role of the Church in Poland and in the Polish countryside. Cooperation without reticence will bring the ZMW nothing but profit, of which we were not availing ourselves before now. I will further mention that so many young priests come from the country, and we are simply colleagues who together can do more for the countryside.

[DZIENNIK LUDOWY] To end on an earthly matter, but one that can not be overlooked: money. You will not manage to live from membership dues, and subsidies are being discontinued. At the same time I hear that Bury wants to eliminate the union's economic activities.

[Bury] No, that is not right. It is only a matter of them actually serving the union. It is necessary after all. We have a lot of experience and we do not have to depend on handouts. What is more, in undertaking it, we learn something that will be useful for each of us individually, for the countryside, and for the whole country. But personal profits derived from such activities may not damage our union's goal or jeopardize its standing.

[DZIENNIK LUDOWY] Thank you for the interview. My wish is that the ZMW will do better under its new leadership. And for its chairman, I wish perseverance and success on his examinations—as a student and as a leader.

### Newspapers: Titles Come, Titles Go, Titles Change

90EP0426A Warsaw RZECZPOSPOLITA in Polish  
13 Feb 90 p 3

[Article by Tomasz Roguski: "Nature Cannot Stand a Vacuum"]

[Text] 8 Feb—In Nowe Miasto Lubawskie, DRWECA is being published, in Koszalin GAZETA OBYWATELSKA, and in Konin NASZ GLOS. All over the country, new civic, trade union, and private newspapers that are connected to the Solidarity movement are springing up. In Poznan DZIENNIK WIELKOPOLAN "DZISIAJ" has been coming out since December; in Bialystok a group of journalists from KURIER PODLASKI, which is published by RSW [Worker's Cooperative Publishing House], have put KURIER PORANNY in motion. Any day now, GAZETA GDANSKA will get moving.

There are more weeklies. In Zielona Gora there is GAZETA NOWA, in Opole NOWINY OPOLSKIE, in Bielsko-Biala GAZETA PROWINCJONALNA. Some, like OLSZTYNSKI KURIER OBYWATELSKI, are supported by the national councils.

These newspapers are competing with the publications of RSW and are beginning to shape a new landscape for the country's press. This is just the beginning of the process. Because in general one hears that the press is undergoing a grave crisis and that many titles are falling. At the same time one may also observe the opposite phenomenon: a great quantity of new initiatives in the press. It turns out that nature can not stand a vacuum.

The breakthrough was achieved by the "round table" and the elections. Union publications came into being first. One may buy TYGODNIK SOLIDARNOSC and a couple other of the organization's publications at newsstands. In the autumn, an independent citizens' press began to arise.

In addition to the dailies, weeklies, and monthlies, bulletins of various sorts are also being published irregularly. No one knows exactly how many of these there are. Only the larger ones, which are edited and published professionally, report to the censorship offices and register. In the country as a whole, there are scores of them. Still, copies of only about 150 new titles have reached the Foundation for the Development of Local Democracy. There are certainly several times that many in all.

Newspapers that serve a town, district, or gmina are photocopied or produced on offset printing presses. Small circulations of a few hundred copies predominate. But GAZETA POWIATOWA from Sokolow Podlaski has an imprint of 1,500 copies and GAZETA WITKOWSKA 2,000. In addition to these, larger papers, printed in printing houses, are coming out. The biweekly WIADOMOSCI SWIDNICKIE has an imprint of 5,000 copies, NASZ GLOS of Konin 10,000 copies, and GAZETA KIELECKA with an imprint of 40,000 can compete with SLOWO LUDU.

Printing a newspaper requires money. The Citizens Committees can most often afford a small periodical—a bulletin produced through an uncomplicated publishing process. For example, in Ciechanowiec (pop. 4,000), the little paper NASZA SOLIDARNOSC, duplicated on a photocopier, has been appearing since November containing two A4 pages. The publisher is the local Citizens Committee and "Rural Solidarity." Three people produce the periodical. The first issue was printed (for free!) by the Gmina Administration. In order to put out the next issue, the editors kicked in 20,000 zlotys each. The periodical is distributed in front of churches after Sunday mass. They are also sold in one of the kiosks. It costs 100 zlotys. There are many similar publications.

Larger papers require big money, professional journalists, and professional printers. The capital comes from various sources. Sometimes, already existing firms invest in the press. More often, partnerships rise up. Shares are issued. There are scores of such initiatives. Newspapers must support themselves on the market, which is not easy at the current time due to the general drop in readership. Publishers try to earn money through advertising. In Wielkopolska, for example, this is going pretty well. Sometimes resourcefulness assumes unexpected forms: one of the papers in Jelenia Gora used the proceeds from butter sold in Berlin to import cheaper and better paper to Poland. Others, instead of distributing the paper through RSW, which pays only after a long delay, are preparing to sell their papers themselves on the street, in workplaces, and even in grocery stores. The prevailing prices vary—from 300 to 650 zlotys per copy.

The large papers feel the financial difficulties the most acutely. Success or failure depends chiefly on their own resourcefulness. Some do not hold out: TYGODNIK OBYWATELSKI SOLIDARNOSCI of Bydgoszcz, which appeared in Sept 1989 as the first professional, citizens' paper, has stopped coming out.

The Polish press is very centralized. Before the war, twice as many towns had their own newspaper than do now, when the overwhelming majority of journalists work in Warsaw. But the purpose of the existence of the citizens' press is to inform local societies about their affairs and to form independent public opinion.

The local press is discovering the past of its own localities anew, giving out information about the work of new social and political organizations, looking over the shoulders of local authorities, and transmitting local gossip. It writes about what happened lately that was upsetting: This can be a fight in a local tavern or conflicts in local opposition circles. The issues of local autonomy enjoy great interest, understood in the context of the approaching elections. "Grand politics" is coming out into the open above all in articles about the democratic transformations in Eastern Europe and, in the realm of

national affairs, in support for the Solidarity government. Deputies and senators of the OKP [Citizens Parliamentary Club] are often guests in the columns of the new papers. There are quite a lot of interviews, significantly less news coverage.

These newspapers are alive and they are certainly not a transitory phenomenon.

## YUGOSLAVIA

### Transformation of LCY Into Socialist Party Discussed

90EB0306A Zagreb DANAS in Serbo-Croatian  
13, 20 Feb 90

[Article by Branko Horvat]

[13 Feb pp 32-33]

[Text]

### Where Are the Communists Headed?

The idea which I develop here I presented at the LCY [League of Communists of Yugoslavia] congress, which has just been interrupted and which was extraordinary in all respects. The organization of the congress was particularly bad, and the atmosphere itself did not allow serious political discussions. But it was worthwhile to present the idea, so as at least to begin to think about it—before it is too late. It turned out that a dozen speakers had come up with a similar idea, and in informal conversations they were joined by some 50 participants from four republics. This is an idea, then, which is in the air, and I have no doubt whatsoever that there are numerous adherents in all parts of the country. The idea is to transform the League of Communists into a socialist party. For me, as for all socialists, it is not the party that is at the center of attention. The party is altogether instrumental in this regard. The point is socialism.

### The Party in the Struggle and the Party in Power

There are few parties in the world who have behind them the kind of historical results which the Communist Party of Yugoslavia [CPY] can claim. That party waged the National Liberation Struggle and successfully completed it by driving out the fascist occupiers. This was a unique exploit in enslaved Europe, an achievement which met with undivided recognition throughout the free world. The result was that for the first time in the history of the Croat and Slovene peoples members of those nationalities living on the islands, in Istria, and on the Slovenian coast were united with their parent nationalities, and those territories were annexed to Yugoslavia.

It reunified the country which had disintegrated under assaults of the occupiers in 1941. Here, the governmental unification is less important than the ethnic unification on the basis of full equality of all the Yugoslav peoples in

a federal state. During the National Liberation Struggle [NOB], that phenomenon was referred to as brotherhood and unity, which was not merely a slogan used for mobilization, but something that was authentically achieved—which everyone knows who took part in the NOB.

It effectively stood up to Stalin's aggression carried out through the Cominform in 1948. Once again, this was the only country in Eastern Europe which preserved its full independence. What that meant is evident today, now that all the Quisling Stalinist regimes in those countries have been shattered, leaving chaos behind them.

Through heroic armed struggle and its staunch independent stance, that party preserved Yugoslavia from buckling under to either of the two armed blocs and brought to that small and backward Balkan country a reputation and importance in world affairs altogether out of proportion to its economic or military might. Yugoslavia was forever on the front pages of the world press. The Yugoslavs were spontaneously given places of honor at international meetings. There is no doubt that some of the credit for this must go to the exceptional world-class politician who stood at the head of that party and state, Josip Broz. However, political successes of that kind would be altogether impossible if that party had not had the most creative figures of all the Yugoslav nationalities in its ranks. For that matter, outstanding progressive intellectuals rallied around the CPY even before the war.

In opposing Soviet statism, that party discovered that the road to socialism passes through self-management, and not through the omnipotent state. When it inaugurated self-management, Yugoslavia became an object of study in the world's leading scientific centers and an inspiration for socialist movements in the world. United Nations publications classified countries into (capitalist) market countries and centrally planned countries, but they put Yugoslavia alone in its own separate category.

All of these successes were naturally reflected in economic development as well. From 1952, when self-management was operationalized, up until 1964, the highest growth rate in the world was achieved (in 12 years, Yugoslavia covered ground which took Italy 40 years and France 80 years), it had the fastest rise of the standard of living, economic efficiency (ever better utilization of capacity, ever higher efficiency of investments measured by the drop of the capital coefficient) improved at a steady rapid pace, and this was reflected in the world's highest rate of technological process (I have made the appropriate measurements myself and compared them to the results of other countries). Inflation during that period amounted to less than 1 percent per year (measured in producers' prices). Yugoslav science, both social science and natural science, was approaching the world level with rapid strides.

The Communist Party or League of Communists built up immense moral and political capital, so that that

party could easily win a majority in any democratic elections. Unfortunately, those elections were not held, and that is the first cause of the subsequent disaster. Those who ran the CPY were too much indoctrinated in Bolshevism, and the Yugoslav peoples, lacking a democratic tradition, accepted that kind of indoctrination without much opposition. What is more, a majority of the population accepted authoritarian rule as the natural state of affairs. The individual, who represents the basic political protagonist of a socialist society, was entirely displaced and replaced by the collectivity. First, this was the class, then the nationality, and in both cases the "vanguard" party was imposed by the power of the state. It cannot be said that the best minds within the CPY were not aware of this. That is why the name was changed in 1952 to League of Communists, and the withering away of repression (referred to as the withering away of the party and state) and political pluralism were proclaimed. Those ideas were even codified in the 1958 LCY Program. But that program was never carried out.

#### The Birth of the Regressive Party

The party which achieved the six historical results enumerated above died and disappeared in the late 1960's, although the actual process of degeneration began some 10 years earlier. I think that the student rebellion in 1968 can be taken as a fairly good historical line of demarcation. Before that year, we had a progressive party which with its innovations was assisting the country's economic and social development. After that year, the new regressive party was rapidly evolving, a party which with its "innovations" was oriented above all toward securing positions of power and leading the country to disaster. That new party has achieved the following historical "successes":

it disunited the country, it reintroduced repression (1972), it inaugurated numerous political trials, which are taking place even today; and it ruined the country politically and economically. Every initiative to prevent this was brutally crushed. The political debacle is best illustrated by the events at the congress which has just been interrupted. Economic development continued for a few more years. After 1973, the irresponsible borrowing abroad began. Utilization of capacity and general economic efficiency fell year after year thanks to the "innovations" of the consensus economy. The Law on Associated Labor successfully wrecked self-management. In 1980, a crisis broke out which has endured to this day. Last year's inflation placed us among the Latin American recordbreakers known for political dictatorships. More than 1 million people have been unemployed for years. Young people on whom the country's future rests constitute a majority among them. Apathy, discouragement, and ethnic frustration have been successfully achieved. For such a party to remain in power is equivalent to the waging of special warfare against Yugoslavia's vital interests; it has successfully set the nationalities of this country at odds and has thus destroyed the most precious achievement of the NOB: brotherhood and unity. The ethnic conflicts were not so fierce even in

prewar unitary Yugoslavia. Never in their history have the Serbian and Slovene people come into conflict (it is my belief that the peoples are not in conflict even today). And at this point a party congress is used to fan the flames of that conflict before our very eyes; it has spoiled the country's international reputation. Today, Yugoslavia brings up the rear in Europe not only economically, just as it did before the war, but the world public now sees it as a backward uncivilized Balkan country. Those few sincere friends have only words of consolation; with those four "successes" we have enumerated, that new party has fatally discredited socialism.

Whereas the old Communist Party gained immense political capital, its successor, the new League of Communists, has built up a still larger political mortgage. How is that mortgage to be paid off? By going back to the CPY that once was? That is impossible! Unlike mechanics, processes are not reversible in history. Or remove from power the party that is doing harm and replace it with something better? That is not impossible, but it is inadvisable, since it would create a dangerous discontinuity, and there would be unnecessary casualties.

### The Causes of Degeneration

There are few laws in society that are similar to natural laws. One of those laws is that a monopoly of power results in the degeneration of the party that enjoys that monopoly. There has never been a single exception to that law in the history of the world's political parties, be they on the left or the right. Neither good intentions nor good people alter this at all. The inevitable result of monopoly is negative selection of personnel, political irresponsibility, economic and political failures, moral degradation, repression, harmfulness. All of this can also happen in a multiparty system. But in a one-party system, it simply has to happen.

That is why there is no question at all of a possible moral renewal of the party from within, leaving the monopoly untouched. The only way of breaking up the monopoly is by creating a multiparty system and through competition on the market of political ideas and actions. In the present situation, the interest of socialism demands the creation of an effective opposition. In that respect, both the opposition (which is feeble) and the LC (burdened with its conservative ballast) have equally broken down, and it is difficult to say which needs more help to get going.

A strong anticommunist disposition has been created because of degeneration of the League of Communists, and it is stronger with each successive performance in Belgrade. Today, the Yugoslav public sees the Communist as a lover of power, a careerist, someone who is politically immoral, intellectually corrupt, and retrograde with respect to the values of civilization. This is, of course, a quite different idea of the Communists than the one carried by those who once were Partizans and who

now are members of SUBNOR [Federation of Association of Veterans of the National Liberation War]. At that time, the Communist was a fearless fighter for freedom and social equality. But it would be an illusion to state which is true. In political life, the key perceptions are those of political protagonists, and they are as I have described. What is more, the Communist who risks torture preparing demonstrations in an underground organization or sacrifices his life in an assault on a fascist bunker belongs to an altogether different psychological and moral type from the person who is not willing to sacrifice even his political office for his belief. And it is these latter who are typical of the new League of Communists.

In removing the burden of the mortgage, then, rational behavior requires first of all that a name which has been compromised be changed. But that is utterly inadequate. The first reaction of critics will be that this is yet another deception of the Communists, who are changing their coat, but not their nature. Only radical democratic changes will convince citizens that the thinking is serious and will convince socialists that this is a question of socialism, not of a mere struggle for power.

There is another aspect of the problem to which attention should be called in this context. Repression did not begin only with the new party. It was abundantly present in the old one as well. Aside from its heroic exploits, every revolution also generates a great deal of those dirty things. That is a law which did not pass over even our party. As far as I am familiar with the history of those sinister things, in the revolution and immediately afterward there was no more of that than elsewhere over the last 200 years. I would rather say that there was less of it. But that is little consolation to the victims. Goli Otok, the Dachau trials, collectivization by force, brutalities by the political police, and numerous violations of human rights are large stains on the party's banner. This can neither be forgotten nor evaded. If the party is to become credible in the eyes of the citizens and at the same time is to make its own moral catharsis possible, it has to purge itself of all dirtiness and do this in such a way as to immediately assume certain obligations. That is why the first order of business is not to change the name, but the following:

1. Rehabilitate the innocent victim and in certain cases pay material damages in addition to the moral rehabilitation.
2. Clear up all scandals like Obrovac, Neum, etc.
3. Make public and abolish the secret official gazette which is an absurdity not only in the field of law, but also in terms of the values of civilization.
4. Immediately repeal the relevant articles of the criminal code (114, 133, and 157), halt all political trials, and free political prisoners. This is also demanded by international obligations that have been assumed.

5. In 1948, the United Nations adopted the General Declaration on Human Rights. Yugoslavia has still not adopted that declaration, which is a disgrace before the values of civilization. Adopt it in the Assembly immediately.

6. Open up all the archives—that is how the October Revolution began—so that scientists can inform the public as to what was done and how it was done.

Some of these six demands have been sporadically put even before now, but as demands to someone else. Here, they are not put as demands, but as obligations of the League of Communists, which is in power, and so is able to carry them out if it likes! A majority of these obligations could be discharged immediately, while a longer time will be required for the first two in that procedures first have to be legally institutionalized.

A showdown with the deviations of the past does not, of course, mean a witch-hunt nor a masochistic picking over of moral garbage. It is a question of the citizens having the right to know what happened, and the victims must have an institutional opportunity to institute proceedings for rehabilitation. Incidentally, the first steps have already been taken in this direction (the Dachau trials and Neum). It is self-evident that the people who took part in the outrages cannot remain members of the socialist party. Under normal conditions, I would present what I have said in the form of a declaration in a congress of a party which desires democratic transformation. Since there has been no such congress, this remains a task—an acceptable one I hope—for the League of Communists of Croatia. Since in their 11th Congress the socialists of Croatia, on the motion of Slobodan Lang, adopted the Human Declaration, assumption of the six obligations enumerated above simply represents the first concrete implementation of that declaration. And then comes the political struggle to have those same obligations adopted in the other parts of the country and thus become the first political action of the future Socialist Party of Yugoslavia.

[20 Feb p 29]

[Text]

### The Return of the Socialists

The experience of the National Liberation Struggle demonstrates that the party which manages to unify Yugoslavia also governs that country. If Yugoslavia is not united by this party, some other will unite it. If it is not a socialist party, it will be a bourgeois party. It is irrelevant to real political processes whether someone likes that or not. It is obvious that the country can be unified only by a united party. A disunited party cannot unify even itself, of which the present LCY is a vivid empirical illustration. Now, unity is not achieved by unceasing patchwork and rotten compromises to preserve power. Unity can be achieved only by a party of the like-minded. This does not mean, of course, that they should all agree on everything; that belongs to Bolshevik

monolithism with consequences which are well-known. Differences in opinion are desirable and welcome, since it is only through the confrontation of differing views that one arrives at new solutions which meet the new conditions, and in this way the political organization's vitality is maintained. However, when it is not just a question of differences of opinion, but of fundamental differences in conception, then those who represent those conceptual extremes are not party comrades, but political opponents. They may be more or less civilized, but they are political opponents nonetheless. And if political opponents are in the same party, then its effort is necessarily blocked, and no appeals are going to help. And this is precisely what has happened to the League of Communists of Yugoslavia.

This is at the same time the natural evolution of a monopoly party. When alternative opportunities do not exist for political activity, then citizens with political ambition go where they can, and up to now that has been the LCY. They appear to adopt the program and ideology. In reality, they do what suits people.

As has become evident in recent years, this process within the LCY has resulted in the formation of two conceptually opposed parties of democratic socialists and authoritarian Bolsheviks. If in England, say, the Labourites and Conservatives were "united" in one party, the result would be a mild version of the type of party into which the League of Communists has developed. The feudalization of political life conceals the differences that exist with an apparent ethnic conflict. By feudalization, we mean the application of the medieval principle *cuius regio, illius religio* [tell me a man's region, I will tell you his religion]. Whatever he might think, a person from Belgrade cannot join the Slovenian party, nor can someone from Ljubljana join the Serbian party. The consequences are sometimes comical, as was evident at this congress, when one delegate made the observation that 15,000 members of the LCY in federal bodies are actually not members of the LCY, since they do not belong to a single republic organization, and it is not possible to join the LCY directly!

The last congress offered clear empirical evidence of the existence of two parties when the vote was taken on the amendments. When someone votes against abolishing torture and political trials, then he can belong only to a Stalinist or extreme right-wing party which we find in countries with a dictatorship. Likewise, voters against abolishing the economic boycott within the country have nothing in common with socialists, since they are trying to resolve political differences by force, and there is no point in even mentioning the unity of Yugoslavia. And when someone is not willing even to listen, much less to talk, to those who have a different opinion—which frequently occurred in the congress, and it took on an extreme form in connection with the initiative of the five young Bosnians when it was impossible to understand anything because of the unceasing din—then these are

obviously authoritarian types who belong in some undemocratic party and have nothing in common with a socialist movement.

All one had to do was simply identify those voters to get a picture of the size and composition of the future Communist Party. It is a good thing that in Ljubljana—yes, in Ljubljana, I did not get it wrong—preparations have already begun to establish a new Communist Party. Then all our conservatives from all over the country could gather in a unified organization. The smaller number of present members of the LC with bourgeois liberal views can join the existing liberal parties, as some are already doing.

Those who remain are socialists who as people of like mind will be able to transform the League of Communists into a unified socialist party. That unified party can then repeat the exploit of the former Communists and once again unify Yugoslavia. When instead of six motley republic parties, we have two parties of like-minded people at the national Yugoslav level, there will no longer be cases when Slovenes or Croats or some other nationality walk out of a congress. If there is any walkout from a congress, it will be by individuals who share some political opinion, but belong to different nationalities.

The congress that was cut short is perceived as something bad, sometimes almost as a tragedy. I do not share that opinion. I think that the parting of the ways at the congress has only speeded up the changes that certainly have to come. This is best seen when the events are put in a historical perspective.

The Social Democratic Party of Croatia and Slavonia, established in 1894, is the first socialist party on this soil. Almost from the outset that party advocated unification in Yugoslavia.

Two years later, in 1896, the Yugoslav Social Democratic Party was established in Slovenia. Those who impute separatism to Slovenian socialists would do well to note that only the Slovenes established a Yugoslav party. When the Social Democratic Party for Dalmatia was formed in Split in 1903, that party became part of the Slovene Yugoslav Party.

The Serbian Social Democratic Party, also established in 1903, went a step further and advocated not only a Yugoslav federation, but even a Balkan federation. To that end, it organized a conference of Balkan socialists in Belgrade in 1910. The last Social Democratic Party was established for Bosnia-Hercegovina in 1909.

During World War I, the European social democratic parties submitted to their bourgeois governments, voted for the wartime budgets, and patriotically entered the slaughterhouse of war (the Serbian Social Democrats were an honorable exception in this respect). The Social Democrats gravely compromised themselves by this action. That is why the establishment of communist parties began after the October Revolution.

On an initiative from Bosnia, and organized by the Serbian Social Democrats, a unification congress was held in Belgrade in 1919 at which the Socialist Worker Party of Yugoslavia was formed; the next year it changed its name to the Communist Party of Yugoslavia at the congress in Vukovar. The name was changed again in 1952 to the League of Communists of Yugoslavia.

Stalinist crimes and the brutalities of the Stalinist regimes in the world following World War II have gravely compromised communist parties. Communism has become a token of something bad; something that has nothing to do with socialism.

In this kind of historical perspective, the future Socialist Party of Yugoslavia constitutes a continuation of the socialist movement which has lasted for an entire century on this soil. That movement has gone through numerous illusions, some of them serious and indeed even tragic. But always and in all its phases that movement was Yugoslav, and so it is to it that the task naturally falls of unifying the country as a precondition for renewed rapid economic development. That movement must today be profoundly democratic in order to meet the needs of the times and make it possible for every citizen and every people in the Yugoslav federation to feel at home. In that respect, the movement can build on to the traditions of the early social democratic parties. In Europe generally, the social democratic parties represented the most democratic political organizations of their time. That tradition has held up to this very day. The fact that an authentic social revolution occurred in Yugoslavia and that the original socialist ideas survived in an uninterrupted historical continuity explains why political explosions as have occurred in the countries of Eastern Europe have not occurred in our country. Assertions to the effect that no one gives up power voluntarily and that power taken with bloodshed will not be given up without bloodshed are altogether out of place. For all the wandering and deformations, the League of Communists has held on to enough authentic socialists who can carry out the necessary transformation of their party in the best tradition of the socialist movement in Yugoslavia. In the meantime, the democratic consciousness of the citizenry—although to a differing extent from one place to another—is sufficiently mature so that that kind of transformation is always possible in historical terms.

Political analysis yields altogether unambiguous conclusions. The League of Communists should be transformed into a party that could take part in the democratic election campaign within the framework of a multiparty system whose foundations we are now laying. That party should be a socialist party, which means that it must free itself of the heavy political mortgage of the former League and also of all those who are not socialists, so that it becomes a unified party of like-minded people. The Socialist Party of Yugoslavia becomes a desirable political organization for all those socialists who have left the degenerated League of Communists and for all those Yugoslavs of socialist orientation, particularly young

people, who never even wanted to join that kind of deformed league. The fact that today there are just as many former members of the party as there are present ones indicates not only the political potential of a socialist party, but at the same time it empirically illustrates the observation that the present LCY is in both physical and conceptual terms another party than the former party oriented toward the construction of socialism. So, it is not a question of a schism and liquidation of the LCY—that was done long ago.

### Bulatovic Expresses Confidence in Future of LCY

90EB0292A Titograd POBJEDA in Serbo-Croatian  
23 Feb 90 p 5

[Interview with Momir Bulatovic, president of the Presidium of the Montenegrin League of Communists' Central Committee, by Momcilo Popovic; place and date not given: "We Are Certain of a Convincing Electoral Victory"]

[Text] [POBJEDA] Recently, the phenomenon of people leaving the League of Communists [LC] has been present in Montenegro. How widespread is that phenomenon, and are you concerned about it?

[Bulatovic] According to our records, at present there have been considerably more announcements than actual resignations from the LCY. Nevertheless, the LC is entering a phase in which it is realistic to expect a large fluctuation in membership. The LC is no longer the only political force, and thus it is no longer the exclusive channel for social advancement. This period of daily tumultuous political changes is giving rise to a number of personal dilemmas and decisions among many LC members and citizens in general. Also, one should keep in mind the fact that under the conditions of a multiparty system, the issue of the number of members is not the most crucial one. A new relationship is being created here among activists, party members, and voters.

Perceiving the inevitability of changes and the spirit of the times in which we are living, the Montenegrin Central Committee [CC] has declared several issues open, and we are intensively studying them and verifying them in practice. We were the first ones to free ourselves from the status symbols of power, and move to make the subsidiary apparatus more efficient; we are now further reducing the membership fee, and we will make economical use of our property, and so forth. In short, we are rapidly transforming ourselves into a modern political party, with all the attributes required by such a form of organization.

[POBJEDA] We are particularly interested in your opinion about that with respect to people's turning in their party membership cards for "ideological" reasons, as has been the case, for instance, in Rozaje, Bar, and several other areas.

[Bulatovic] One could cite many cases in which we have encountered significant resistance and misunderstanding in carrying out our program commitments. Naturally, every "case" is extremely complex, and I am not a supporter of considering specific cases in black-and-white terms.

In general, however, one could say that we have begun a decisive struggle against the weaknesses that are part of our social folklore. I will only remind you that in our attempts to raise overall social and economic efficiency in Montenegro, we are also receiving such answers as, for example, that someone will defend his own tribe to the last drop of blood, or that others will even resort to a general strike to protect what no one has even thought of taking away from them, or that society has to change, provided that everyone expands and increases the rights he has acquired to date.

The alternative movement is constantly criticizing us for entering into a conflict and creating a general climate of uncertainty. As far as the Montenegrin LC is concerned, it has committed itself to development, and development is by definition a category of conflict. I would like someone to prove to me that it is possible to eliminate all the inefficiencies that have been discovered without going into the area of real interests and political conflicts.

[POBJEDA] A few days ago the Presidium of the Montenegrin LC Central Committee addressed a "Letter of Intentions" to the public. Those intentions are quite clearly defined. Could you perhaps add something or explain some of the enumerated intentions more specifically?

[Bulatovic] I think that there is no need for additional explanations. I would like to use the opportunity to stress the fact that this letter resulted from a party debate, but that there is also a certain visionary element, which is so necessary at this time. I will remind you that we have turned out to be good forecasters in the past. Many of our political steps, which were initially misunderstood, to the point of derision, are now a part of political practice even in those parts of the LCY which assert that they are synonymous with democracy. I am not emphasizing this just because of self-satisfaction, but also in support of the assertion that our optimistic intentions are quite realistic and that we will fulfill them.

[POBJEDA] How do you see the LCY and the Montenegrin LC tomorrow?

[Bulatovic] I could go on answering that question for hours, because any assertion that is made requires extensive and realistic arguments to support it. The format of our conversation, however, requires answering with just a few brief terms of reference.

I see the LCY, actually starting tomorrow, i.e., starting with the first free, direct, and secret elections, as being a democratic, modern, and unified political party. The unity that now appears disputed will be imposed on us

by the existing political environment and the growing opposition. I therefore assert that the time when we polarized the public, lost members, and delighted the opposition with our quarrels in the LCY Central Committee is gone forever. The electoral struggle to stay in power, as a prerequisite for carrying out our programs, will further strengthen us as a political party.

At the same time, the necessity of redefining democratic centralism (personally, I very much like the formulation and essence of the concept of democratic unity) will also make possible a high degree of independence for all the organized parts of the LCY. The three levels of the struggle for power—opstina, republic, and federal—are also at the same time the framework for independence and freedom within the unified LCY. Naturally, there will also be a strong feedback from both positive and negative influences, since it will be difficult for voters to decide to put their confidence in an LC candidate if he is not backed by an efficient, democratic, and strong political organization. That is the path toward the real unity and further affirmation of the LCY.

[POBJEDA] The Presidium of the Montenegrin LC Central Committee has become smaller because of the departure of some of its members for other duties.

[Bulatovic] The 10th Extraordinary Congress of the Montenegrin LC, through the democratic nature of its electoral procedure, elected a large number of well-known and recognized LC members to the Central Committee. As you will recall, some of the members of our Presidium were candidates for high positions in the republic and the federation. Their electoral success indicates not only their personal qualities, but also the high confidence that the Montenegrin LC enjoys among the voters.

In the meantime, the full Central Committee Presidium will experience new personnel changes. Todor Bakovic has submitted his resignation because of his election as a member of the Republic Executive Council, and Vehbo Hot has announced his resignation, which he will explain at the 7th session of the Central Committee. In accordance with the Statute, a discussion will also be conducted then about these personal decisions. At the same time, the Central Committee will decide how to fill its Presidium. I am convinced that the smooth operation of the electoral procedure and the willingness of Central Committee members to be involved will ensure high-quality replacements on the Central Committee Presidium. After all, we in Montenegro have almost daily opportunities to see that personnel replacements are not the end of the world, which we used to be so afraid of, but instead a completely normal process in the business called politics.

[POBJEDA] The attacks on the Montenegrin LC by various parties, alliances, and forums—in short, by the so-called alternative movement—are very striking, and one might say that they are becoming harsher and harsher every day. How do you view them?

[Bulatovic] Really, there are so many attacks that it is difficult to register them all, and some of them do not even qualify as being in mediocre taste. We in the Central Committee Presidium decided not to respond to them, because we would soon become involved in a general political squabble, in view of the existing level of the dialogue. You may believe that in spite of that, one needs a great deal of patience in order to keep silent about some fundamental stupidities and falsehoods. Nevertheless, in spite of the existing contradictions, the LC is the leading political force and the party that is really in power. We cannot allow ourselves the luxury of not being responsible for positions taken and words uttered. I hope that the other parties will also see for themselves that scoring points by criticizing the LC is a very transient accomplishment and represents time lost for building their own political prestige, especially since what is being criticized in the LC is what it itself has renounced and clearly stated its intention of changing.

[POBJEDA] Dr. Ljubisa Stankovic, a member of the Montenegrin Presidency, who recently left the ranks of the LCY, said in an interview that the LC has no future. What do you think about that statement?

[Bulatovic] I think that the original wording was not that harsh, but it essentially can be interpreted as in your question. Naturally, I do not agree with it, but it seems to me that someone who has left the LCY cannot say anything else.

[POBJEDA] Do you regret that Stankovic is no longer one of your comrades in the party?

[Bulatovic] On several occasions I have already publicly announced my regret over his decision. I regret it when any LCY member leaves our organization, and especially when it is such a prominent individual.

I talked with Ljubisa on several occasions after his decision, which I learned about from the news media. I also carefully read his recent interviews and statements. In those conversations, we could not agree on some substantive issues. I still think that it was an emotional act that was not given sufficient political consideration. Naturally, I have no intention of disputing anyone's right to decide independently on the means of his own political involvement.

For a long time, however, we who are in prominent positions have not been receiving only applause anymore. Criticisms, harsh challenges, intrigue, and imputations have become an admittedly unpleasant but integral part of our daily life. Therefore, if one sincerely believes in the necessity and success of political involvement, one cannot so easily sign a "surrender."

Ljubisa's leaving the LCY, but remaining in the Montenegrin Presidency, have revived the subject of the schism within the "young Montenegrin leadership." I do not have to remind your readers that the northwestern press, which has never favored us, has been terribly insistent on this subject ever since January 1989. In view

of this, I proposed to Ljubisa that we organize a joint public forum where we could determine the real extent of the differences that exist in our views. I proposed that this forum be held in the Student Building in Titograd, which was among the first places to rise up in his defense. An additional reason for this is that we are both from the University, and we intend to return to our real jobs soon. I am surprised that Ljubisa still has not accepted that offer even today.

[POBJEDA] Do you think that your position and those of your comrades are shaky, or do you still think that you would have an easy victory in the elections?

[Bulatovic] There are no longer any safe and untouchable positions. The irresistible wave of democratization, to which we ourselves gave a significant momentum, has meant that a reputation as a politician and statesman is hard to gain now, can be endangered in a moment, and is very easily lost. In the absence of objective indicators, one can only speak on the basis of impressions.

Our impression is that in spite of our daily trials, the political position of the Central Committee and its Presidium is the strongest and most stable one in Montenegro.

We are therefore convinced that the LC will win a convincing victory in the upcoming elections. Naturally, we are not leaving anything to chance. In the next few days we will begin a very ambitious and complex process of preparing our party for participation in the upcoming elections.

**[Box, p 5]**

**The Price of Kosovo**

Kosovo is naturally the number one political and human topic. Kosovo has put Yugoslavia to its greatest test for too many years, and now in particular. All those who are trying to break up this country see Kosovo as a chance for their sinister intentions. On the other hand, all of us who are ready to defend and protect Yugoslavia are determined that Kosovo is and must remain Yugoslav territory, and that it is necessary to ensure a peaceful, equal, and dignified life there for all citizens, regardless of their ethnic identity.

Reality, however, says that in doing so an even greater price will have to be paid. All the years of deliberate or unconscious mistakes and currying favor with separatists in all parts of the country will cost us dearly. Unfortunately, it is now necessary to use force in Kosovo, even if it is used against misguided and blind followers, while the powerful ones remain in safety.

It is also obvious that there has been a change in the strategy of the Albanian separatists. The demand for democracy and the two raised fingers are essentially an attempt to internationalize the Kosovo problem. Furthermore, people are ignoring the terrifying fact that trainloads of frightened children are leaving Kosovo as a

result of that "democracy," a democracy of rocks, highway robberies, and terrorist attacks.

As we can see from some of the press coverage, many people do not like the attitude of Montenegro's citizens toward Kosovo. Nevertheless, regardless of various speculations, Montenegrin policy will be to demand that the federal authorities resolutely and firmly defend the territorial integrity and constitutional order of the SFRY, as well as the realization of the Yugoslav Program for Kosovo, and that, to offer complete and undivided support to Serbia in resolving the Kosovo conflict.

**I Regret**

I regret that the political quality of the alternative movement is not commensurate with its size and its aggressive approach in the media. For the sake of illustration, look at how they are using their observer status in the Montenegrin Assembly. It seems as though the very first session exhausted all their strength. Otherwise, I am sincerely rooting for the alternative movement, because when the LC wins the elections, it will be well served by a competent and constructive opposition, and not just any kind.

Otherwise, since you are asking me directly, I do not have a very good opinion of the Montenegrin Liberal Party. I think that, in general, it would be very useful for the overall public if the professional and political biographies of the heads of parties and associations with such high-sounding names were announced. I am afraid that there would be too many disillusioned and unsuccessful people from the former personnel lists of the LC.

**Continuation in March**

At the 7th session of the Montenegrin LC Central Committee we will see the results of the party discussion conducting on resuming the work of the 14th Extraordinary LCY Congress. Our basic positions, as you state, are well known, and it is not necessary to repeat them.

I believe that the public is aware that the 31st session of the LCY Central Committee is scheduled for 1 March 1990. Only after that will it be possibly to speak with any degree of certainty about the date for holding the third plenary session of the Congress. At several meetings of the LCY Central Committee Presidium, we noted that there were almost no disputed and uncoordinated issues associated with resuming the Congress. We likewise observed that no one in the LCY is benefiting from the present situation, and that the overall damage resulting from the present stalemate situation affects not only our political organization, but also the federal authorities. All of these are reasons for halting further postponements. I personally feel that the Congress should resume work in mid-March.

**Croatian Constitutional Court President on Denationalization**

90EB0324A Zagreb *VJESNIK* in Serbo-Croatian  
25 Feb 90 p 8

[Interview with Jadranko Crnic, president of the Constitutional Court of Croatia, by Alekса Crnjakovic; place and date not given: "Denationalization Is Not Possible"]

[Text] Oceangoing ship's captain in prewar Yugoslavia, officer on the SS Princeza Olga and on the warship Zmaj, a writer and journalist who wrote about the sea, and a promoter of the Adriatic Maritime orientation back in the twenties, Rudolf Crnic has assured himself a place in Croatian history if one is to judge, as indeed one must, from the Croatian Biographical Dictionary.

On the next page, his son Jadranko, who has been following in his father's historical footsteps, has his entry. With his abundant experience as a judge in various courts, from the kotar, općina, and district courts all the way to the Supreme Court of Croatia and Constitutional Court of Croatia, of which he recently became president, Jadranko Crnic also finds time for specialized comments on numerous judicial matters. He has written 26 books in the field of legal scholarship. Indeed, he is now followed by a representative of the third generation of Crnic's, Ivica, who even now has published 14 specialized books and probably he also will find his part of a page in one of the future editions of the Croatian Biographical Dictionary.

However, history is for future generations, and the present is for us. It is precisely about that present that we talked to Jadranko Crnic, a man who on some hierarchical ladder would be among the first four leaders in Croatia, and his position is gaining still greater importance in the new constitutional rearrangements and especially the new election system. Since the subject of our interview is extremely well versed in the field of housing law, the conversation kept returning to that topic, but we will also touch upon other equally interesting topics.

**Governmental "Robbery"**

[VJESNIK] For months now, newspaper front pages have been constantly covering the topic of erroneous government nationalizations and possible denationalizations. The governmental "robbery" of sailboats, hotels, apartments, and factories did not exactly achieve the goals that were desired, that is now evident. Might one coin a slogan: Everything is being returned, everything is being paid for?

[Crnic] Hardly. The first nationalization, in 1946, which concerned business enterprises, was indisputably a class-oriented measure. It was followed that same year by another nationalization—of private enterprises—and this was supplemented two years later when fishing boats, sailboats up to 50 tons, real estate owned by foreign nationals, and foreign tenants "suffered." All of that was confiscated and compensation paid. We would

be unjust if we forgot that group of people who left the country fleeing the occupier, leaving behind real estate which was taken away from them without compensation. The law on the treatment of that property was enacted as early as 1946. All apartments and apartment buildings which were the property of people who did not return to the country and had not received permission of the Ministry of Foreign Affairs of the Federal People's Republic of Yugoslavia to remain outside were socialized. And then we come to the third and perhaps most radical nationalization in 1958, which took all apartments, buildings, and business premises over the maximum (two large apartments or three small ones). That nationalization was also done with compensation, but it has been paid off in installments over 50 years. It later became legal, but even then it could hardly have been called "fair."

[VJESNIK] Is anything changing today?

[Crnic] The constitutional amendments finally abolished the maximum in June of last year, so that today anyone can have as many houses or apartments or as much office or business space as he likes. Unfortunately, sins cannot be undone; that is, it is not possible to denationalize what was confiscated legally, under the laws in effect until June of last year.

[VJESNIK] You say that everything was done according to law. The state, then, has a defense. But what about morality?

[Crnic] Although this was essentially a class-oriented measure, legality was not violated. Indeed, even from the moral standpoint we should be moderate in our judgment and not issue a priori condemnations, since our present views are quite different, and it is easy now to claim to be wise. But that still does not mean that we should not speak at all about denationalization and additional reparation, but this is nevertheless a matter for political decisions. Future delegates in the Croatian Assembly should be wary of adopting laws on an emotional basis. Without authentic sociological, legal, economic, and other research, such decisions ought not to be made, especially since important changes have occurred since 1958, since it is that nationalization of which we are speaking: some of the former owners and heirs have died, numerous općina apartments have been sold, and you cannot take them away from the people who purchased them legally, believing in the permanence of the legal system.

Nor can you evict even tenants from property that was rental property earlier, since their rights as tenants are guaranteed even by the Constitution. You might possibly buy the tenants another apartment and return to the owners their property, but it is not enough to adopt that kind of a political decision, but it must necessarily be backed up with the datum as to who is going to furnish the money. Otherwise, we would repeat the mistake already ratified in the present housing law, that is, that the općina is required to make it possible for owners to

move into their property, but this is not done in practice. The provisions of the law have remained on the legislator's wish list, but what good is a law that is not enforced? The awareness that the law is not being enforced tends to take authority away from both the law and the legislator. The legislator simply can no longer run around in circles with things that have not been thought through, which is constantly done now, and that is why we are constantly amending laws. Anyone who votes for a law on denationalization, but is unable to enforce it will sooner or later lose votes.

#### The Sale of Socially Owned Housing Units

[VJESNIK] The sale of socially owned housing units might begin soon. People do remember. Will they not be afraid to buy now since tomorrow it might be taken away from them?

[Crnic] I do not think that a new nationalization is possible. It is not even permitted by the Constitution, and I believe that the trend will continue in the direction of throwing out restrictions except when there is an altogether concrete public interest, but even then it is only expropriation that should be applied in order to build schools, roads, and hospitals. All this, of course, under the assumption that the reformist rather than the dogmatic forces win out. Is it moral to sell housing units which the općina obtained by confiscation? The idea of the purchase of housing units is one I like very much. I have no ideological barriers. And from the legal standpoint the sale is possible, but I am aware that the sale also results in a certain amount of privilege. But I am opposed to equality in poverty. It is not easy to defend the sale from a moral viewpoint, but I am not certain that from the standpoint of morality, which is also a category subject to the particular time, the attempt to save housing units from ruin can be proclaimed immoral.

[VJESNIK] You are speaking about housing units. What about denationalization of factories? Who can say that this process is not possible and that it is against the general interest? That is, who says that the heirs, for example, of "Gavrilovic" would not be better businessmen than those there now and that they would not keep on Borislav Mikelic as a skilled manager?

[Crnic] Denationalization of business enterprises is not possible. Not on ideological grounds, but for purely practical reasons. Look at "Katica Rabuz," the present "Sljeme," or, as you have mentioned, "Gavrilovic." They simply are not what they were in 1946 and 1948. And who is going to evaluate the worth of the property of "postwar development"? If the former owner has the right to compensation, the same right is also held by the state and presumably by the workers as well. The contribution of all has been built into the factories. Or take another case: Can we jeopardize the agricultural reform?

[VJESNIK] As a member of the Constitutional Court, and now its president, you often encounter suits by people whose building site has been confiscated on the

pretext of protecting space and halting wildcat construction, but the rigorous means have not justified the end.

[Crnic] Yes, that began in 1958 and has continued until this day. The land was confiscated with compensation, which even today does not essentially contain an inherent element of fairness. This so-called socialization was done with a multiple alibi: to protect in this way the use of the land, to prevent enrichment, and to pursue the general interest. I do not find the alibi acceptable in any of its elements. The use of land is protected by land use plans, regardless of who owns the land. The obvious proof of that is that the largest amount of wildcat construction has occurred precisely on socialized land. In every civilized and law-governed country, enrichment is prevented through tax policy, but enrichment is not a negative thing a priori. And the general interest? It is protected by other legal instruments, for example, by expropriation, when a particular space is being specifically protected.

#### People Do Not Believe

[VJESNIK] The housing reform is being prepared, and it seems that no innovation has excited citizens as much as the possibility of abolishing inheritance of the right of tenancy. Do you think it is all right for us to constantly change decisions? Doesn't this instill in people an uncertainty as to the law?

[Crnic] It does not seem to me that radicalizing this issue is a very great contribution to legal security. Under the present Constitution, it is not possible to abolish the right of tenancy. Perhaps these matters should be worked out gradually, for instance, by reducing the number of those who may inherit the right of tenancy. In addition, we ought to extend the time by which it will in any case be quite normal and possible for every man who does an average amount of work to solve his housing problem on his own.

[VJESNIK] In every session of the Croatian Assembly, the delegates raise their hands in favor of at least some 20 amendments and supplements to certain laws. Bad laws or bad enforcement?

[Crnic] Our legal system is "irradiated" with numerous enactments that occurred out of political ambition to get into all the pores of life. As in medicine, so in life, excessive doses of radiation create new tumorous tissue, which in turn necessitates resorting to a new operation. So, these constant amendments of our laws, they represent those new operations. That system, which has imposed itself as the regulator of reality, is constantly correcting something in an attempt to keep up with the laws of life. That is why it often does not allow careful thought about the range of those corrections. This especially applies to transitional provisions, which are regarded as something temporary, even though they may have a dual function: to decide the destiny of what has been up until that time and to be a vision of the future. That brings us back to housing as an example. Inheritance of the right of tenancy has been judged in the court

under the new law, but if a tenant has died while the old law was in effect, many people were left without housing, since the housing was taken under the old law. Today, when both the Supreme Court and Constitutional Court have eliminated that duality, many tenants have missed the boat. They have been moved out, although they should not have been, and there is no going back, at least not based on the law.

#### Against the "Rubber Balls"

[VJESNIK] As the president of the Constitutional Court, you are also the ex officio chairman of the committee to oversee the upcoming elections. You have to follow vigilantly the actions of political parties and candidates. You surely remember the notorious "rubber balls," and there was also talk about rigged "victories" in which local taxes for hospitals were adopted.

[Crnic] The committee must respect everyone's right to present his program to the public, the election campaign must play by the rules, and the dignity of the candidates must be protected. The committee makes decisions on the principle of unanimity. There is still to be a hearing in the Constitutional Court on possible candidates to be members of the committee. In Croatia, there are wise and tolerant people with high prestige who I believe will want to accept this extremely responsible position and will not be burdened with prejudices of any kind. I will try to see that no party and no one grouping gains the upper hand.

[VJESNIK] You have been a member of the League of Communists for many years. Will you be able to make the necessary change of direction after 40 years?

[Crnic] I think that no change of direction is necessary. From the moment when I entered jurisprudence, my party membership has always ceased for me at the threshold of the court in which I was working. I tried to preserve just one principle: constitutionality and legality, aware of the risks that come with every public office, including that of chairman of the committee. I wanted it to be included in the constitutional amendments which have just been adopted, not just the election law. I think that this is an extremely important position, and I will perform my duties honorably and honestly, contributing as much as I can to prevent there being any talk about rubber balls and false election results, much less anything more than talk.

#### Situation of Catholics in Kosovo Discussed

90EB0303A Zagreb VJESNIK in Serbo-Croatian  
19 Feb 90 p 6

[Interview with Urosevac parish priest Dr. don Lush Gjergji, by Miroslav Ivic; place and date not given: "Why Did We Appeal to the Pope?"—first two paragraphs are VJESNIK introduction]

[Text] From the Skopje-Prizren Episcopate, signed by the auxiliary bishop Nika Prelaj, whose see is in Urosevac, on behalf of Albanian Catholics, an appeal went out several days ago to the leaders of Kosovo, Serbia, and Yugoslavia, and a telegram to the Pope in which their bishop and Catholic believers asked him to do everything he could to stop the spilling of blood in Kosovo. This was the first such statement by the Catholic church in Kosovo, and it aroused considerable interest.

The righthand man of ailing bishop Nika Prelaj (72) is Dr. don Lush Gjergji, parish priest and "joint tenant" of the episcopal palace in Urosevac, a person whose name is associated with many initiatives and actions emanating from the Catholic Church in Kosovo in recent years, and publishing activities in particular. Dr. Lush Gjergji is also editor in chief of the periodical DRITA. He wrote his doctoral dissertation at the Theological Faculty in Rome on the subject of the role of the Albanian woman in the family and society, and received a doctorate from the Institute of Psychology of the University of Rome. He has had a large number of books published, including one on Mother Teresa that has been translated into nine languages.

[Gjergji] Our basic concerns are affairs in the area of the catechism and pastoral care, because earlier the priests in Kosovo were mostly non-Albanians, Croatians from Janjevo or Slovenes in old Yugoslavia. Dr. Lush Gjergji responded to the question of which church in Kosovo he is especially dedicated to. "The reason for the absence of Albanian priests was the nonexistence of Albanian schools; there was only a small seminary in Pristina. Over the last 20 years there has been great interest in the calling of priest among Albanians, so that we now have enough people in all parishes. We are preparing a group to continue the tradition of the Catholic Church among Albanians through interdisciplinary study. During the Turkish domination the Catholic Church was the one to preserve the culture, language, and tradition. It was interrupted during the period of the old Yugoslavia, and this interruption lasted until some time in the 1970s."

[VJESNIK] What is the organization of the Catholic Church in Kosovo?

[Gjergji] In Skopje there is a bishop who is responsible for five Greek Catholic parishes in Macedonia in addition to the Catholic ones. The Holy See has renewed the ancient episcopate and has given the Albanians in Kosovo an auxiliary bishop for Albanian believers; he has his see in Urosevac. There are 65,000 Catholics in Kosovo, of whom 10,000 are Croatians in three parishes, Janjevo, Letnica, and Vrnavo Kolo. In the Skopje-Prizren episcopate there are 22 parishes. There are 45 priests and 120 nuns active in the episcopate, in almost all parishes, but also in hospitals, homes for the elderly, and monasteries and convents in Skopje, Pristina, Pec, Dakovica, and Lepnica. We have many congregations, including those of Mother Teresa, who is Albanian. Her parents are from Kosovo, her mother from Novo Selo

near Djakovica and her father from Prizren; they settled in Skopje as a family of merchants.

#### Awareness of the Faith of Their Fathers

[VJESNIK] Are there problems in Kosovo in obtaining permits for building Catholic religious facilities?

[Gjergji] Nowhere have we had such difficulties except in Djakovica, in which there are around 10,000 Catholic believers. There was a problem here obtaining a permit for building religious facilities. Many churches, a fairly large number of chapels, parish houses, and buildings for religious instruction have been built recently. Five new parishes have also been established since 1970.

[VJESNIK] Have you accomplished any noteworthy projects in publishing activities in recent years?

[Gjergji] When Bishop Prelaj arrived, particular attention was devoted to starting up the religious cultural journal DRITA (in Albanian), and after several years this initiative developed into a true publishing house. After the Second World War we had virtually no literature in Albanian. We previously obtained religious periodicals and other literature from Albania, but we received nothing after religion was banned there. We wanted the literature published to be of service to the Albanian faithful, not just in Kosovo but in Macedonia, in the Bar Archbisporic, where the majority of Catholics are also Albanians, and also to the Albanians scattered abroad. In the process we adhered to two principles. One was satisfaction of the needs of our believers for such literature. But an attempt has also been made to rescue from oblivion the truth that many of our brother Catholics embraced Islam as a result of centuries long torture, to present the old faith to them in the proper light, to show them what Christian tradition is. We have the role of episcopate of the people; we are the only episcopate (from the Djakovica to the Greek) that is in absolute diaspora. We want to work to preserve the language, culture, and faith, to serve every person of good will.

[VJESNIK] A topic frequently dealt with in your publication is this conversion from Christianity to Islam. Are there any special reasons for the emphasis on precisely this topic?

[Gjergji] The last conversions from Christianity to Islam were recorded in this capital between 1902 and 1904, when a certain number of Catholics in Kosovo embraced Islam, primarily because of persecution and under duress, but also because of the shortcomings of the Catholic clergy. I believe that a truly remarkable phenomenon is now occurring in Kosovo. As a result of the building of schools, culture, and the mass information media, the Albanian people here has been made fully aware that it once was Catholic. We have made our contribution to this, but so have many others.

[VJESNIK] What is the significance of this for the current situation in Kosovo?

[Gjergji] When this fact comes to be accepted, as is the case in Kosovo, this raises many other questions. Above all an answer is sought to the question of what the faith of our forefathers was. Here we see our true function, that of providing people with an ever greater amount of information on their past, which has been bloody but also glorious, and under the new circumstances of explaining to them what is the Church, Christianity, and the Gospel. At the same time, we want to inculcate Christianity among the Albanians and foster the process of contact between Christianity and cultural traditions.

[VJESNIK] Are you succeeding in doing so?

[Gjergji] From 1975 to the present we have seen significant differences and changes in attitudes, increasing openness, and decreasing fanaticism. Although the Albanian people is divided among three religious denominations, Moslem, Catholic, and previously in Albania also Orthodox, there have never been conflicts among us on a religious basis. There are instances in which one brother in a family is Catholic and another Moslem. Awareness of our own culture, language, and Albanianism is stronger than any other divisions; the faith of Albanians is Albanianism. What has happened is specific. Sympathies have been aroused in many intellectuals and young people, who are expressing willingness to cooperate with the Catholic Church.

[VJESNIK] Is your goal a return, a reconversion, this time from Islam to Catholicism?

[Gjergji] Our task now is to acquaint people with the pulpit; each individual must decide whether or not he will accept our teaching. We must provide adequate information not just about the current concerns of the Church but about our history. Whether or not a formal reconversion and baptism will take place is not our decision to make and we do not want to influence the decision. However, it is essential for people to learn what the Church is among Albanians and what the Church is as a message, a faith, and inspiration to life.

[VJESNIK] With this as your goal, how are you managing cooperation with Islamic religious leaders?

[Gjergji] We have accomplished several initiatives through joint efforts. I otherwise place no label on a person when I say that he is Moslem or Catholic. Moslem brothers regularly cooperate with us on DRITA. This is mutually advantageous, both to Catholics, for a number of reasons, and to Moslems, because they have seen that our doors and our hearts are open to everyone. We often hold meetings, more often informal than formal ones. We also engage in joint initiatives in the building of religious facilities.

[VJESNIK] Do you also have such initiatives with representatives of the Orthodox Church?

[Gjergji] Bishop Prelaj meets regularly with Rasko-Prizren Orthodox Bishop Pavel during the Christmas and Easter holidays. Our situation is an interesting one.

In faith our brothers are Orthodox, but by affinity they are Albanian moslems. In both respects we want to maintain fraternal relations and achieve ecumenicalism and meet the needs of the times in which we live. The times are such as to face us with many challenges; our Christian and human maturity is shown here in interethnic and interpersonal relationships. Here we see an opportunity to do what unfortunately has not been done by an ideology, to try to make at least a small contribution toward a better and freer life as individuals and believers. We are trying to exert influence so that our collective life will not be guided exclusively by one rigid rule, monolithic uniformity, but so that we may achieve unity in diversity, because it is just this that is the beauty of collective life and action.

### A Human Obligation

[VJESNIK] The appeal that you sent to the provincial, republican, and federal leaders and the telegram to the Pope aroused considerable interest. Why did you resort to this?

[Gjergji] Our Church has fulfilled and will continue to fulfill its human and Christian obligation and duty toward believers and the people among whom it lives. This was also the purpose of our appeal, in which we asked that everything be done to stop the violence and spilling of blood, that democratic freedoms be given to all citizens, to every person and ethnic group, that no one feel his basic freedoms to be endangered, and that persons be allowed to make decisions on their own.

[VJESNIK] You often refer to Mother Teresa. Her pictures are in almost every room in the parish house, and your publishing activity is also devoted largely to her. Does this reverence of Mother Teresa have any deeper message?

[Gjergji] We consider Mother Teresa to be our ambassador, the ambassador of a tradition a culture. What she is doing, how she lives and acts on a world scale, the fact that she is part of Albanian tradition, all set an example. Consider the hospitality she exemplifies. By the law of Leka Dukadjini every Albanian house is the home of God and the home of a guest. Another Albanian characteristic reflected in Mother Teresa is concern and love for the poor. Love for life, a fundamental view of Albanians, is reflected in her acceptance of the new, her joyful acceptance of it, and also in her care for the aged and infirm. If basic concepts such as tradition and culture are not understood, all sorts of things are said then, all these stories about the birth rate, to the effect that we want to displace someone or something by means of it. The Albanian people has lived this way for centuries; we see no danger whatever here to others. There is even an advantage, because it is precisely the Albanians

who might contribute by their increase to some revival of old and infirm Europe by infusing it with young blood.

[VJESNIK] There is frequent talk of endangerment in Kosovo. Many people talk about their own endangerment and the endangerment of their people. Are your believers, the Catholics in Kosovo, endangered?

[Gjergji] Mention is often made of what is most sacred to the Albanians. Things are said without knowledge of history, without the need for what is being talked about to be elucidated from several viewpoints. We cannot reconcile ourselves to what is negative in our tradition, what is a fusion of several elements, Turkish, Christian, and Illyrian, that is, the symbiosis created over a period of centuries. It is up to us to separate these elements, accepting what is positive and good and rooting it in our civilization and eliminating what is negative, as for example the blood feud, but here as well we must proceed in a historical context.

[VJESNIK] The current charges being made in certain circles is that Islamic fundamentalism is a factor. What is your view of this?

[Gjergji] I consider it extremely slanted and untrue. It is refuted by the fact that there is no difference between Albanians Catholics and Moslems when it comes to the events in Kosovo.

### Facts, Not Passions

[VJESNIK] Do you believe that anyone in Kosovo is in danger?

[Gjergji] I am against any violence, against any injustice, against any instance of endangerment of human rights and freedoms. Albanian Catholics naturally do not believe that they have equal rights if they can be fired from their jobs because of their political views, if their enrollment at the university and in schools can be refused because of them. People regard this as an attack on their own freedom. There have also been Catholics subjected to police treatment. The Albanians also do not feel themselves to have equal rights when people write one thing or another about their birth rate, when their university, which as with any people is a temple of culture, is declared to be a hotbed of nationalism.

[VJESNIK] Are the others, Serbs and Montenegrins, in danger, and are you ready to help?

[Gjergji] Whoever is in danger in Kosovo, regardless of ethnic, religious, or any other affiliation, has our support, because it is man who is involved. However, we ask that people deal in facts and the truth, and not passions and deceit. Any society will have collaborators in the Catholic Church if relationships are stated in these terms. We want to be on the scene, applying the principle of justice to defend anyone who is threatened, insofar as it is in our power to do so.

## YUGOSLAVIA

### President of LCY Organization in YPA Interviewed

90EB0315A Belgrade NARODNA ARMIJA in  
Serbo-Croatian 18 Jan 90 pp 10-12

[Interview with Dr. Dimitrije Baucal, chairman of the Committee of the Organization of the League of Communists in the Federal Secretariat for National Defense, by Novica Petic; place and date not given: "A Congress Representing Our Hopes"]

[Text] On Saturday, 20 January, the 14th (Extraordinary) Congress of the LCY [League of Communists of Yugoslavia] begins in the Sava Center; it is expected to mark a turning point in consolidating sociopolitical life in our country. At that highest level meeting of elected Communists, the party will be taking a test on which Yugoslavia's future depends. This is a congress of our hopes, expectations, and decisions. We asked Dr. Dimitrije Baucal, chairman of the Committee of the Organization of the LC in the Federal Secretariat for National Defense, whether these expectations of the broadest masses of people are realistic.

[Baucal] We have been in the crisis for too long, and it has even been deteriorating, threatening to destroy everything that has been achieved in the years of postwar development. Many people feel, as the popular saying goes, that we are up to our necks. In that sense, many people see the congress as a place and an occasion to begin to solve effectively the problems that have accumulated. Nevertheless, I think that what is expected of the 14th (Extraordinary) Congress is a bit unrealistic, since what has dogged us for years cannot be dealt with in two days, even if that is the desire of all those who gather at the end of next week in the hall where the congress is being held. Indeed, the very political situation the LCY is in certainly portends unfavorably. For instance, it prepared a document for the congress on its own transformation, but certain segments have already transformed themselves independently, and they have done this in diverse directions and in diverse ways.

[NARODNA ARMIJA] Have the most recent events in the country nevertheless brought certain encouragement, above all as to carrying out the economic reform?

[Baucal] I would not say that overall political circumstances favor a spectacular success of the congress. I agree, however, that the measures of the FEC [Federal Executive Council] for economic stabilization offer hope that we will finally be traveling a good road toward consolidation and establishment of the new economic system that is more efficient and up-to-date. But on the other side the ever more aggressive nationalism and exclusiveness all the way to obstinacy in the conflicts between certain leaderships are making the overall situation more difficult and casting a doubt even on certain results that have been achieved. It was expected that the

congresses and conferences in the republics and provinces would help to overcome certain crucial differences, but little or almost no progress has been achieved. The overall situation is additionally complicated by the obvious inability of federal authorities to be more effective, and that has made the situation just in advance of the congress even more difficult than it was.

### How Is Unity To Be Achieved in the LCY?

[NARODNA ARMIJA] The congress of the LC in one republic decided in favor of a league of leagues, and the delegates at the highest meeting in another renamed democratic centralism democratic unity.

[Baucal] This kind of rigid and one-sided view does not contribute to unity in the LCY, which is what we need most at this point, since we are in a profound general crisis. The League of Communists, in my opinion, objectively has no prospects for success whatsoever if it allows its own disintegration as to ideology and action and its transformation into a confederalist coalition broken up into a league of leagues. A unified LCY by contrast, with a well-formed program turned toward the future, could overcome its own difficulties and, itself reformed, guarantee stable social development and speed up construction of a democratic socialist society.

[NARODNA ARMIJA] Are there prospects for that kind of unity coming about at the congress?

[Baucal] From what we know now, even though, as I have said, certain views are opposed and set against one another to the point of exclusiveness, some containing even the possibility of a complete break in the LCY, some prospects do nevertheless exist. So far, one aspect has been completed: the documents are ready, the organizational and technical preparations have been made, all that remains is for the delegates to come to the congress without predetermined positions that constitute ultimatums so they can listen to all the views in a tolerant atmosphere and arrive through a democratic and free debate at the necessary unity that would facilitate a radical transformation and reaffirmation of the LCY.

[NARODNA ARMIJA] What are the main issues on which agreement ought to be achieved?

[Baucal] They are, first, unity on the crucial need to preserve Yugoslavia in the spirit of AVNOJ [Anti-Fascist Council of People's Liberation of Yugoslavia], as the federal socialist homeland of all the nationalities and ethnic minorities; the unified and transformed LCY, which will be the guarantor of the preservation of the achievement of our revolution and of the successful development of a socialist democratic society; the indissolvability of nationwide defense and social self-protection and the armed forces, as the guarantor of Yugoslavia's independence. Those are the strategic points on which the necessary unity ought to be achieved. I say "ought to" since in the preparation so far all these crucial values have been differently interpreted

and understood, and there have even been attempts at their radical redefinition and abandonment.

[NARODNA ARMIJA] In what sense?

[Baucal] The conception of the unity of the LCY: There are those who hold that the LCY should be a league of leagues, that the party should function on the principle of democratic unity, that it should be organized solely on the geographic principle, and so on. Closely related to this are the questions of political pluralism and the conceptions of depoliticization of the armed forces and demilitarization of society. A separate group of issues has to do with performance of the functions of the Federation, with its sovereignty and status as an independent entity, and that in turn leads to the constitutional amendments and the new Constitution, which will be a big job this year....

#### **Political Pluralism and the Armed Forces**

[NARODNA ARMIJA] You have mentioned political pluralism and depoliticization. Are there any new views of these problems in the armed forces?

[Baucal] The position on pluralism of Communists in the armed forces was stated quite clearly at the Ninth Conference of the Organization of the LCY in the YPA [Yugoslav People's Army]. We said at that time that in the past our experience had been very bitter with the organization of political parties and the struggle for power. But history, it is said, is a true teacher of life. Certain events which are just now taking place in connection with the formation of certain parties and associations remind us of that part of bigotry, of the national-fascist ideas, they are calling for a partitioning of Yugoslavia, they are calling for enmity among the nationalities, for bloodshed, and so on. For everything, that is, that any thought that is all democratic and any intelligence that respects the values of civilization would have long ago buried in a museum of antiquities for all time.

However, bear in mind that the armed forces are a part of this society and directly involved in all social developments and desirous of contributing to the building of joint views. As such it has never up to now—and accordingly never will in the future—presented an obstacle to achievement of everything that is more democratic, freer, more humane, and is in general along the road toward progress in the context of the general values of civilization.

[NARODNA ARMIJA] When all is said and done, what do you think now about a pluralism of political parties?

[Baucal] First, I would like to say that political pluralism, even the kind with political parties, is our reality. It is unfortunate that its defects have mainly come through to the foreground: the fight for power regardless of the means, organization on an ethnic basis and quite often on a nationalistic basis, around a particular religion, and so on. Many people see political pluralism as a river

without shores. Virtually every day various associations, organizations, and political parties are springing up in our country, which is filled with ideological chaos, white-hot interethnic relations, general confusion, divisions on every basis, and so on. All of this should, of course, be borne in mind when the rules of the game are being laid down; on the one hand, those rules would effectively protect the fundamental values of our society in all situations, while on the other they would favor association around the Yugoslav democratic concept. So, absolutely nothing should be allowed which could in any way threaten the country's integrity and especially instigate interethnic conflicts and enmity. Those democratic rules should be established as soon as possible and protected by every constitutional and legal means. Otherwise even the best democratic content of political pluralism could be jeopardized very quickly.

This might be basically summarized as follows: All the documents for the 14th (Extraordinary) Congress affirm human rights and freedoms and the independence and sovereignty of the individual, the citizen, and the people. Accordingly, even the question of the form of political pluralism, be it even with political parties, can only be situated in the sphere of the citizen's will, and their commitments should be guaranteed in this sense by the Constitution. Accordingly, if even that form of political organization supports our country's democratic progress, the Communists in the armed forces will not object.

[NARODNA ARMIJA] Does this also presuppose depoliticization of the armed forces?

[Baucal] On the one hand, political pluralism politicizes society, while on the other one of its important spheres tries to isolate itself, that is, to be politicized in a quite different way.

Depoliticization of the armed forces and of certain other segments of society, which is being persistently advocated in certain parts of our country, essentially pursues a quite different objective. The purpose of this depoliticization would be to silence the armed forces, to shut them into the garrisons and thereby remove them from sociopolitical life. The armed forces are actually only a pretext, but all of this is aimed first of all against Yugoslavia and is meant to help to break it up as a federal state and head it in the direction of the confederalist concept. After that, then, there would be only one step left until it fell apart. That is why we are against the armed forces being depoliticized in every respect.

#### **More Work Should Be Done on the Documents of the Congress**

[NARODNA ARMIJA] The basic views of Communists in the armed forces concerning social and economic transformation and transformation of the party are well known; are there any new positions which delegates from the YPA will advocate?

[Baucal] We will zealously work for accomplishment of the reforms: the economic reform, the political reform, and the reform of the LCY, since we feel that they are an indispensable prerequisite of our survival, and for that reason they should be supported and offered every possible support so as to be carried out unfailingly. Regardless of the price which we must pay. In that direction, we have also supported the program of the FEC to lower inflation and stabilize economic conditions as an initial step toward building the new economic system that will pull the Yugoslav economy out of the crisis and stagnation that have lasted for several years and make it more optimal, competitive, and efficient. In short, up-to-date and in line with world criteria and scientific-technical progress. In that direction, we have also supported the document on economic reform prepared for the congress, although we did have certain objections which we shaped during the public discussion and submitted to the Central Committee.

[NARODNA ARMIJA] What are the basic objections to that document?

[Baucal] Its principal defect is that it has fallen behind the needs of practical life. It still contains no solution concerning the legal-economic titleholder of public property, definite mechanisms to protect property and facilitate equal competition, directions for the development of self-management in the context of a pluralism of forms of ownership, or how to ensure the macroeconomic functions of the Federation, and so on.

[NARODNA ARMIJA] The problems of the functioning of the Federation were also taken up in the so-called political platform for the congress. Can it respond to the demands of the times?

[Baucal] The platform for the activity of the LCY concerning changes in the political system is acceptable in overall terms, but the last version is the best, although there are questions that should be spelled out fully. That document basically covers all the main questions in the reform of the political system. They are these: the kind of socialism do we want, the character of the social and political system, human rights and freedoms, political pluralism, a law-governed state, the parliamentary and election system, the arrangement of the Federation, and so on.

[NARODNA ARMIJA] What in this area especially concerns the armed forces?

[Baucal] The armed forces are, of course, interested in all issues, since they are an inseparable part of society. But if you insist on specific issues, I think they include what we mean today by democratic centralism, how we are to develop the concept of political pluralism and what kind of concept will it be, construction of a law-governed state, the concept of human freedoms and rights, and the definition of the Federation as an independent, sovereign entity. And within the context of the last point, there are the issues of the YPA and defense as a whole.

A survey of the opinion of rank-and-file Communists concerning the social reform has shown an unambiguous commitment to reform, but also a pronounced interest in building a modern and effective federation. A comparative analysis of the views of our respondents and of Communists in republic and provincial organizations showed unambiguously that Communists in the armed forces are gravitating toward moderate positions. The alleged conservatism and Yugoslav unitarianism which are overtly or covertly attributed to armed forces personnel are clearly not confirmed by the results of the survey.

#### Can the LCY Win the Position of Leadership?

[NARODNA ARMIJA] A successful critical debate has been conducted concerning transformation of the League of Communists and the Organization of the LCY in the YPA. What did the Communists particularly insist on?

[Baucal] Communists in the YPA emphasize that if the League of Communists of Yugoslavia is to be able to successfully influence the content and directions of the reform, it must first work through its own crisis. This means finding a way to strengthen its program and organization as a unified LCY, to overcome ideological and political disunity, its own uninventiveness, and the ineffectiveness of its action. Communists in the armed forces feel that democratic centralism, as the basic principle of organization, activity, and construction of political-ideological unity and unity of action, with pronounced democratic content, of course, is an essential and imperative prerequisite and guarantee of that. While they put a value on the importance of establishing programmatic and organizational unity, the Communists feel that the drafting of a new program of the LCY and new bylaws should have been undertaken much earlier. Since that was not done on time, everything ought to be done now so that they are prepared in the shortest possible time.

[NARODNA ARMIJA] The LCY Declaration, a new blueprint for democratic socialism and Yugoslavia, will, it seems, be given urgent consideration for inclusion in the documents of the congress. What is actually its purpose?

[Baucal] It emerged at the last moment. At 1 minute to 12, so to speak, before the holding of the 14th (Extraordinary) Congress. Thus, the broadest party rank and file have not been able to take a position concerning this congress document, which is certainly a great handicap. Especially since its purpose is to "bridge the gap between the present and future programs of the LCY." The Declaration, then, claims to be a programmatic document in character. And this then means that in a certain way it would "predetermine" the character of the LCY program itself, which certainly is not good. The new program will be written by the rank and file, and this will be done to the extent that the LCY is radically reformed.

[NARODNA ARMIJA] There have been proposals for it to be the main document of the congress. Does it deserve that, and to what extent does it actually synthesize all the aims of the projected reforms?

[Baucal] Regardless of what anyone wishes, it cannot be that now. For the simple reason that it has not been given its legitimacy by the membership. Accordingly, its fate will be determined by the delegates to the congress regardless of what is contained in it. And it contains views which are inconsistent with the positions in other documents of the congress. For example, it says of the Federation: "The federal units and citizens of Yugoslavia with their inalienable national sovereignty are the entities that make up the Federation. These entities are the source of power and sovereignty of the federal state, and the bodies and agencies of that state are accountable to them." It follows from this provision that the federal state, for example, is being denied any sovereignty at all, which is exemplary nonsense. It is nonsensical not only from the standpoint of constitutional law, but also in view of the fact that the federal state is almost powerless, that it is unable to remove even unnatural blockades. It is this awareness that guided the FEC in committing itself to the most recent constitutional amendments, as an immediate condition for carrying out the commitments of the reform. There are, of course, other positions which should be given a very thorough critical examination.

**We Will Preserve the Characteristics of the Armed Forces as a Revolutionary Organization of the People**

[NARODNA ARMIJA] We have to start from the same points of departure for the congress to be successful and to reform the Constitution. As you see it, what are the foundations from which we should start in building the necessary Yugoslav unity?

[Baucal] Preservation of Yugoslavia as a socialist republic and federal community is the point of departure that comes ahead of all others: ensuring its stability and democratic development along the route of our greatest achievements and those of progressive humanity in building civilization. All other solutions must bear the imprint and reflect the purpose of developing those crucial values.

[NARODNA ARMIJA] In conclusion, tell us your visions of Yugoslavia's future. Are you an optimist?

[Baucal] The crisis lasting many years has covered the present with many clouds. Numerous programs over the past decade have ended in failure. Doubt, then, is our reality. I personally think that the FEC Program offers Yugoslavia a real hope, an opportunity. A chance, then, to finally cross the threshold of failure and to move into a future that will be more certain, richer, which simply will not be difficult like the present is. That is why I think the most important question now is what kind of unified support and implementation that program will get, although even it should not be treated like some dogma for all time, but as something which will always be open to solidification and change.

## HUNGARY

### Individual Enterprise Law Takes Effect

#### Summary of Law

25000696 Budapest FIGYELO in Hungarian  
29 Mar 90 p 10

[Article by Demcsak: "Law on Individual Enterprise: To Enterprise in One's Own Right"—Translator's note: Throughout this text, distinctions between references to the "law on business organizations" and to "corporate law" remain uncertain]

[Text] Today's laws govern partnerships and companies with unlimited liability, and individual and corporate enterprises with limited liability. On 1 April the law governing individual enterprise with unlimited liability takes effect. A few times already, FIGYELO has presented articles concerning this law. It will not hurt, however, to recall the most important aspects of the law. (Law No. 5 of 1990 was published in No. 13, MAGYAR KOZLONY.)

Any natural person who qualifies as being domiciled in Hungary pursuant to the foreign exchange regulations may undertake a private enterprise. Accordingly, this includes persons living in Hungary with resident or work permits, in addition to Hungarian citizens. The only persons who may not engage in entrepreneurial activities are those who are serving a prison sentence for having committed a crime, or are prohibited from pursuing a certain activity, or whose mental condition so warrants.

In a manner different from the practice pursued to date, except for an entrepreneurial certificate, no permit whatsoever will be required from the authorities to start an enterprise. Several activities may be pursued, once the certificate is obtained. A person could be at the same time a small tradesman and a retail merchant, in the traditional meaning of those terms, or a hauler and a technician, etc.

The important thing to remember is that activities tied to qualifications of other laws may be pursued only by persons who comply with the applicable qualification criteria. It is not the individual entrepreneur who must present all these certificates. It will suffice if an employee or family member of his has the needed "papers."

Legislators continue to insist on the personal involvement of the individual entrepreneur in his enterprise, although management, heading the business, qualifies as work. Entrepreneurial certificates will be issued by the special regulatory branches of the local councils according to the place where the entrepreneur is domiciled. Lacking a domicile, the council at the place where the entrepreneur is doing business will issue a certificate. We hope that such certificates will be issued in exchange for completing a form. There is no cause whatsoever which provides grounds for a council to refuse the

issuance of a certificate, provided that the applicant complies with the above conditions.

It is important to know that persons who also serve as members with unlimited liability in a company may not receive an entrepreneur's certificate. It is not advisable to accumulate unlimited liability. At his own request an individual entrepreneur may be recorded in the Register of Firms as an individual firm, this, however, does not change the status of the individual entrepreneur to a legal entity. This is because an individual firm is not a legal entity. An important matter to be noted, not only by individual entrepreneurs, is the fact that as this law takes effect, provisions of the corporate law and the law on foreign investments in Hungary, which condition foreign participation in a Hungarian enterprise by requiring that such foreigners have a firm established pursuant to their own countries' laws, will be repealed.

The law concerning individual enterprise does not restrict the number of employees an individual entrepreneur may hire. For this reason the limitation contained in the corporate law which restricts the number of persons employed in a business organization composed exclusively of natural persons (to 500 employees) must be relaxed.

The law unequivocally states that the pursuit of only state monopolistic activities may be denied to natural persons. The new rules concerning individual enterprise do not apply to tradesmen's and merchants' permits issued earlier.

#### Text of Law

25000696 Budapest MAGYAR KOZLONY in Hungarian No 13, 13 Feb 90 pp 219-221

[Law No. 5 of 1990 concerning individual enterprise; adopted by the National Assembly at its 26 January 1990 session]

[Text] In consideration of the Constitutional provisions of the Hungarian Republic relative to the equal status of public and private property, and relative to guarantees concerning private property and the protection of entrepreneurial investments, it is the purpose of this law to enhance Hungarian economic development by providing for individual enterprises, and by ensuring entrepreneurial freedom and an equal opportunity to compete.

In the interest of all of the above, the National Assembly creates the following law concerning individual enterprise:

#### General Rules for Individual Enterprise

1. This law shall govern the conditions for establishing, operating, and terminating an individual enterprise.
- 2.1. As used in this law, the term individual enterprise shall mean the businesslike activity of a natural person who qualifies as a domestic person in Hungary according to the foreign exchange regulations (hereinafter:

domestic person), pursued in his own name, at his own risk, regularly, and for profit.

2.2. Only a law or a decree with the force of law may constitute an exception to this law. The Council of Ministers shall provide for matters that fall under the authority of the law concerning health care provisions, as well as the provision of social services in the form of an individual enterprise.

2.3. No activity reserved for the state, a state organ, or a state business organization by law, by a decree with the force of law, or by a Council of Ministers decree may be pursued in the form of an individual enterprise.

3. Any domestic natural person capable of acting independently, who has a permanent residence and is not barred from the pursuit of an occupation may establish an individual enterprise.

4.1. Except as provided for in Paragraph 4, Subparagraph 2 below, individual enterprise may be pursued on the basis of reporting, in possession of an entrepreneurial certificate.

4.2. Agricultural producer activities and related services may be pursued without reporting such activity, and without possessing an entrepreneurial certificate, as such reporting and certificate is described in Paragraph 4, Subparagraph 1 above.

4.3. The completion of a form by the individual entrepreneur shall constitute reporting. Once endorsed by the specialized regulatory organ, such a report shall constitute the entrepreneur's certificate.

4.4. An individual entrepreneur may receive only one entrepreneur's certificate. He may pursue several activities on the basis of the certificate, and may maintain several premises, subsidiary locations (shops, producer and service units).

4.5. Issuance of an entrepreneur's certificate may be denied only if fulfillment of the application for a certificate is contrary to law.

5.1. No entrepreneur's certificate shall be issued to persons

a. Convicted of a business crime, a crime against property, or a violation of the purity of public life against whom a prison sentence has been pronounced by a court of last resort;

b. Sentenced to serve more than a year in prison for intentionally committing some other crime;

c. Banned from the pursuit of some occupation, for the pursuit of the activity named in the judgment;

d. Subject to a prohibition on employment, as such prohibition is provided for in other provisions contained in laws, decrees with the force of law, or Council of Ministers decrees;

e. Who hold unlimited liability in a business company; and/or

f. Whose entrepreneur's certificate issued previously has been revoked based on Paragraph 14, Subparagraph 1 (c) below, until such time that the entrepreneur has satisfied his financial obligations.

5.2. The exclusionary grounds specified in Paragraph 5, Subparagraph 1 (a) and (b) shall be enforced only until such time that the convict is relieved of the adverse legal consequences of the criminal sentence.

6.1. The entrepreneur's certificate shall indicate the name, domicile, location of premise(s) (locations of subsidiary premises), activity, and sphere of activity of the individual entrepreneur.

6.2. Changes in data contained in the entrepreneur's certificate shall be reported to the specialized regulatory organ within 30 days from the date when the change occurred. The specialized regulatory organ shall enter the changed data on the certificate.

7.1. The issuance and revocation of, and regulatory proceedings related to the entrepreneur's certificate shall be under the jurisdiction of the specialized regulatory organ charged with regulatory functions (hereinafter: specialized regulatory organ) of local council executive committees where the entrepreneur is domiciled. This authority shall be exercised by the specialized regulatory organ where the entrepreneur's premises are located, in the event that the entrepreneur is not domiciled.

7.2. The specialized regulatory organ shall verify that the conditions prescribed in this law prevail, and that the individual entrepreneur's activity is consistent with those specified in the certificate.

7.3. In the event that the individual entrepreneur pursues his activities on several premises (subsidiary premises), the specialized regulatory organs having jurisdiction at the locations of the individual premises (subsidiary premises) shall verify that the individual entrepreneur's activity is consistent with matters specified in the certificate.

#### **Operating Rules for Individual Enterprise**

8.1. An individual entrepreneur may commence his activities only after receipt of a certificate.

8.2. An individual entrepreneur may pursue his activities only pursuant to legal provisions applicable to his activities. If as a result of other legal provisions the activity specified in the certificate is subject to licensing by some other authority, the individual entrepreneur may commence and pursue his activities only in possession of such license.

9. An individual entrepreneur may pursue activities tied to qualification criteria only if he complies with the qualification criteria established by law, or if an employee or helping family member of the individual

entrepreneur complies with the qualification criteria. In the event that the individual entrepreneur maintains several premises (subsidiary premises) the requirements pertaining to qualifications shall be enforced at each premise (subsidiary premise).

10.1. The individual entrepreneur shall be personally involved in the pursuit of the activity.

10.2. The individual entrepreneur may hire employees and may employ subcontractors, helping family members, and students at midlevel specialized training institutions. Close relatives (Civil Code of Laws 685.(b)), the entrepreneur's spouse, the spouse of a relative of direct lineage, his spouse's relative of direct lineage, and the spouse of the entrepreneur's brother's or sister's spouse may be employed as helping family members.

11.1. The individual entrepreneur holds unlimited liability to the extent of all of his assets for obligations incurred relative to his activities.

11.2. A natural person may establish only a single individual enterprise and shall not be a member with unlimited liability of a business organization at the same time.

12.1. The individual entrepreneur shall designate his open selling business, producer, or service unit with a trade sign indicative of his fundamental activity. The trade sign must indicate the name of the individual entrepreneur and his headquarters if located at place different from the store, production, or service unit bearing the trade sign.

12.2. Requirements concerning trade names specified in legal provisions on the registration of firms shall apply in regard to trade names appearing on trade signs.

#### **Terminating the Pursuit of Individual Entrepreneurial Activities**

13.1. The right to pursue an individual entrepreneurial activity ceases if:

- (a) The individual entrepreneur returns his certificate;
- (b) The specialized regulatory authority revokes the certificate based on the provisions of Paragraph 14 below; or
- (c) The individual entrepreneur dies or becomes incapacitated, except if the entrepreneurial activity is pursued by the widow or heir of the entrepreneur, or, in case of incapacity, by the entrepreneur's legal representatives on behalf and to the benefit of the individual entrepreneur.

13.2. The widow, heir, or in case of incapacity, the legal representative of the individual entrepreneur may continue the entrepreneurial activity within three months from the date of the entrepreneur's death or his becoming incapacitated, on the basis of reporting this

fact to the specialized regulatory organ, provided that other conditions prescribed by law exist.

14.1. An individual entrepreneur's certificate shall be revoked if:

- (a) Circumstances preventing the issuance of a certificate arise (grounds enumerated in Paragraph 5);
- (b) The certificate does not comply with the requirements needed for operations, or with requirements established by this or other laws, and the individual entrepreneur does not comply with these requirements within 30 days from receipt of notice to comply from the specialized authority, or within the time period specified by the authority having jurisdiction under other legal provisions; or
- (c) By his own fault, despite notice to that effect, the private entrepreneur incurs arrears amounting to more than a year's payment obligations with respect to social security or pension contributions for himself, his employees, or helping family members, or in regard to taxes.

14.2. In the event that an individual entrepreneur operates out of several premises, and the exclusionary grounds specified in Paragraph 14, Subparagraph 1 (b) exist at one premise (subsidiary premise) only, the specialized regulatory organ shall prohibit continued operations only at the premise where the exclusionary grounds exist.

14.3. If the specialized regulatory authority having jurisdiction at the place where the premise (subsidiary premise) is located, or if the authority designated by separate legal provisions takes note of a cause to revoke an entrepreneurial certificate, as such cause is described in Paragraph 14, Subparagraph 1 (b), such authority shall notify the specialized regulatory organ specified in Paragraph 7, Subparagraph 1 without delay.

#### **Individual Firm**

15.1. Upon the individual entrepreneur's request, the individual entrepreneur may be recorded as an individual firm in the Registry of Firms.

15.2. An individual firm is not a legal entity.

15.3. Legal provisions related to the registration of firms shall be applied with regard to the reporting and proceedings related to the Court of Registry.

#### **Closing Provisions**

16.1. This law takes effect on 1 April 1990.

16.2. Simultaneously the following provisions lose force:

- Paragraphs 7.1, 10.1 and 2, 87.3, 88, and 89 of Law No. 6 of 1988 concerning corporations;
- Paragraph 7 of Law No. 24 of 1988 concerning foreign investment in Hungary;

- Decree with the Force of Law No. 14 of 1977 concerning small trade, and Decrees with the Force of Law No. 16 of 1981 and No. 24 of 1985 amending Decree with the Force of Law No. 14 of 1977;
- Decree with the Force of Law No. 15 of 1977 concerning private commerce, and Decrees with the Force of Law No. 7 of 1982, No. 19 of 1986, No. 29 of 1987, and No. 8 of 1989 amending Decree with the Force of Law No. 15 of 1977;
- Council of Ministers Determination No. 1019 of (1 June) 1977 relative to the tasks involved in the implementation of Decree with the Force of Law No. 14 of 1977, and Council of Ministers Determination No. 1025 of (9 September) 1981 amending Council of Ministers Determination No. 1019 of 1977; and
- Decree with the Force of Law No. 13 of 1955 concerning program performances [as published].

16.3. The authority of this law does not affect private merchants' trade permits and operating licenses issued previously.

16.4. The terms "small tradesman" and "private merchant" shall be interpreted to mean "individual entrepreneur," wherever legal provisions mention those terms.

16.5. Individual entrepreneurs serving as members with unlimited liability in a business organization prior to the effective date of this law may continue to act in such capacity pursuant to legal provisions in force thus far, until such time that the company ceases to exist.

17.1. The requirements established in this law shall apply to the operating conditions of individual enterprises established prior to the effective date of this law.

17.2. Proceedings begun prior to the effective date of this law and proceedings presently in progress shall henceforth be governed by the provisions of this law.

18. Individual entrepreneurs who themselves pursue the activity designated in the certificate, and entrepreneurs who have passed the master's exam as "small tradesmen" and as "private merchants" may use the designation "master."

[Signed] Dr. Matyas Szuros, provisional president of the Republic

[Signed] Dr. Istvan Fodor, acting president of the National Assembly

#### **Legislative Intent**

25000696 Budapest MAGYAR KOZLONY in  
Hungarian No 13, 13 Feb 90 pp 221-228

[“Legislative Intent To Accompany the Legislative Proposal Concerning Individual Enterprise”]

[Text]

#### **GENERAL INTENT**

The growth of individual enterprise based on private ownership, and of private enterprise, and that such enterprise becomes an important factor in the economy, are important conditions for developing a mixed ownership market economy. This legislative proposal intends to establish the related legal conditions.

#### **I.**

The law on business organizations [corporate law] has provided a greater choice of organizational forms in which business may be pursued in the marketplace. Laws govern various forms of enterprising (state enterprise, cooperative, business corporation). The scope of the corporate law extends to a broad range of private enterprises, thus to private partnership enterprises, and to limited liability individual enterprise—the so-called single person limited liability corporation.

On the other hand, there is no uniform regulation for individual enterprise with unlimited liability. Certain fields in this form of business concern small trade and private commerce, and are governed by decrees with the force of law. Characteristically, these rules are modeled after the pattern of small enterprises involving personal work performance.

A significant expansion in private enterprise is desirable. With certain restrictions and limitations on the number of employees, the framework for private enterprise or for individual enterprise with limited liability, as provided for by the corporate law, already corresponds with the requirements established for state or cooperative business organizations. With due regard for all of the above, the conditions for individual (private) enterprise pursued on the basis of the entrepreneur's unlimited liability must also be regulated in a manner consistent with these.

The legislative proposal unifies and significantly simplifies the rules for individual enterprise. It governs not only the activities pursued by small tradesmen, private merchants, etc. tied to personal work performance, it also provides conditions for ventures pursued by entrepreneurs in a manner similar to an enterprise. Thus, an entrepreneur may pursue several kinds of activities, and may have several stores, or premises.

This, then, transcends the separate regulation of private commercial and small tradesmen's activities. Further, unified regulations warrant the following:

(a) Both small trade and private commerce activities are citizen enterprises which may be performed on the basis of a certificate granted by the authorities. In many instances, the types of activities pursued within such enterprises are identical, or are related closely to each other (e.g. a pastry cook small tradesmen on the one hand and the pastry shop, ice cream parlor he operates on the other). An increasing demand for the simultaneous performance of small trade and private commercial functions manifests itself. The latter has been made

possible recently as a result of relaxing constraints, but at present the two types of activities may be pursued only on the basis of diverse legal provisions.

(b) The law concerning business organizations has provided uniform regulations for the partnership enterprises of natural persons and legal entities. The corporate law grants the right to citizens to establish single person companies (limited liability companies) and does not distinguish on the basis of the kind of activity the entrepreneur wishes to pursue (industrial, commercial, service provider, etc.). Similarly, the corporate law does not make distinctions on the basis of the character of the activities in the case of economic work collectives [GMK] composed exclusively of natural persons. These are subbranches of unlimited partnerships. The regulation of single person enterprises must be adjusted to all of this.

## II.

Under the corporate law a company composed of natural persons constitutes a "private partnership enterprise." It is advisable to distinguish from this, even in name, the personal form of enterprise with unlimited liability. Consistent with the aforesaid, the proposal makes the distinction by calling single person enterprises pursuing economic activities in a businesslike manner "individual enterprises."

It is not the intention of the legislative proposal to restrict the size of enterprises by administrative means. Thus, considering the changed economic and social circumstances, and in a manner different from the corporate law, the legislative proposal does not define the number of employees that may be hired.

Further, the legislative proposal does not include provisions pertaining to disruptions in the operations of the enterprise and its activities. Such provisions were not included because the proposal does not obligate entrepreneurs to perform functions once they have certificates. As far as some legal provisions concerning the system of conditions for the performance of a certain function are concerned—with regard to all forms of enterprise, such as the mandatory hours during which an enterprise must be open for business—it would be appropriate for the same legal provisions to also provide an opportunity for a possible excuse for failing to maintain an enterprise open for business, and also for disruptions in operations (e.g. considering the obligation to provide for supplies).

Contrary to the decree with the force of law concerning small trade that is now in force, the proposal does not include a requirement for mandatory membership in the National Association of Small Tradesmen [KIOSZ]. The absence of such a provision is warranted by the rules of Law No. 2 of 1988 concerning the right to associate, and also in consideration of the fact that thus far no legal provisions have mandated that private merchants must be members of an interest group. Interest groups will not be able to perform governmental functions in the future.

The legislative proposal enables individual entrepreneurs to be recorded in the registry of firms. This provides credibility.

Nevertheless, it is expected that enterprises based on traditional work performed by the entrepreneur will continue to be the characteristic form of operation. For this reason, any entrepreneur who performs the functions of his operations himself may use the term "small tradesman" or "private merchant" in the future, and entrepreneurs who have passed the masters' examination may use the designation "master."

## III.

The proposal constitutes not only a legal framework. No implementing provisions are related to it. It is very important, however, that the system of conditions for activities which may be pursued in the framework of individual enterprise be uniformly regulated according to the character of the function, and independent from the form of enterprise. Thus, it may be ensured that all businesses—state enterprises, cooperatives, individual business organizations, and individual entrepreneurs—may participate with equal chances in the economy.

In the course of deregulation, legal provisions restricting the entrepreneurial activities of natural persons will be reviewed by 1 March 1990. With due regard for this fact, an effective date of 1 April 1990 for the law on individual enterprise is provided.

Once in force, the new law will not create an added administrative burden either to entrepreneurs or to the regulatory apparatus. Small tradesmen and private merchants already operating may pursue their activities based on permits issued earlier.

## IV.

Preparation of this proposal was preceded by broadly based professional and political negotiations. Affected ministries and interest groups took part in preparing the proposal. To enhance societal debate, the draft legislative proposal appeared in two newspapers, and for purposes of further debate the text of the draft was forwarded to the most significant political factors, the Opposition Roundtable and the organizations of the Third Side.

Several remarks made in the course of debate were utilized in the proposal.

### PARAGRAPH BY PARAGRAPH ANALYSIS

#### General Rules for Individual Enterprise

##### Paragraphs 1 and 2

Paragraphs 1 and 2 of the proposal circumscribe the intended regulatory scope of the law, and define its personal and material effect. The law governs the establishment, operation, and discontinuation of individual enterprise. It emphatically points out what the law

regards as expressly individual enterprise insofar as the application of the law is concerned. This definition has no effect on definitions found in other law (e.g. the tax law provisions). The proposal adopts the terminology of the corporate law and uses the term "natural person" in that sense, in contrast to using the term "private person" as that terminology has prevailed thus far. According to the proposal, in the context of the law an individual enterprise is a businesslike economic activity of a natural person who qualifies as a domestic person pursuant to the definitions contained in legal provisions governing foreign exchange now in force. Thus, individual entrepreneurial activities may be pursued by foreign persons possessing residence permits or permits to accept employment, in addition to Hungarian citizens.

According to the legal provisions governing foreign exchange, natural persons regarded as foreigners may pursue entrepreneurial activities in Hungary in the form of a business corporation.

Individual enterprise becomes the individual right of all natural persons who may be regarded as domestic persons pursuant to the legal provisions governing foreign exchange. Only those persons for whom specific exclusionary grounds exist may not engage in an individual enterprise. These exclusionary grounds are itemized in the legislative proposal and include, e.g., a person convicted of a business crime, a crime against property, or a crime in violation of the purity of public life against whom a prison sentence has been pronounced by a court of last resort, or a person banned from pursuing a certain occupation, etc.

The proposal provides a definition of the concept of businesslike conduct. An activity is businesslike if it is pursued in the entrepreneur's own name and at his own risk, regularly and for profit. These conditions must exist jointly before the businesslike character of the activity may be determined.

Based on the proposal, any businesslike economic activity may be pursued by the individual entrepreneur, unless prohibited by law. Thus, consistent with the corporate law, an individual entrepreneur may pursue producer, sales, service provider, or agricultural production activities, teaching of a private character outside of schools, cultural service provisions, etc. The proposal includes one significant restriction in regard to the activities that may be pursued by entrepreneurs: Consistent with the general rule contained in the corporate law, the proposal states that the individual entrepreneur must not pursue an activity reserved for the state, a state organization, or a state business organization by law, by decree with the force of law, or by a Council of Ministers decree. According to the proposal, there must be at the minimum a Council of Ministers decree as a source of law before a state monopoly may be established. This rule makes it necessary to repeal a provision of the corporate law pertaining exclusively to GMKs. It prohibits GMKs from pursuing activities that are not permitted by natural persons on the basis of high-level law.

Consistent with this change, legal provisions which restrict entrepreneurial pursuits by natural persons must be reviewed in the course of deregulation.

The proposal provides a further opportunity for laws and decrees with the force of law to authorize exception from under the scope of the law. On the one hand, there may be activities, which, due to their special nature, may be pursued by natural persons, legal entities, or corporations of these under more stringent conditions (e.g. private investigators' activities), but the regulation of which, or the review of the pertinent regulations, would take place only at a later date. On the other hand, some decrees with the force of law which regulate one or another entrepreneurial activity in a manner different from the provisions contained in the proposal (e.g. attorneys' activities) are still in force. The proposal authorizes the Council of Ministers to provide for the regulation of continuing entrepreneurial activities in the form of individual enterprise under the law concerning health care provisions and the provision of social services.

#### **Paragraph 3**

Establishing an individual enterprise becomes the individual right of any natural person who qualifies as a domestic person. The proposal prescribes only two conditions for establishing an individual enterprise (capacity to act and permanent residence). If these conditions are met, only the persons specifically excluded from the pursuit of individual enterprise under Paragraph 5 of this law may not pursue individual enterprise.

#### **Paragraph 4**

The proposal does not intend to make the performance of entrepreneurial activities subject to a permit. Pursuant to Paragraph 7, an individual entrepreneur may pursue his activities on the basis of a certificate received in response to a report filed with the specialized regulatory organ having jurisdiction. The specialized regulatory organ is obligated to issue a certificate authorizing the pursuit of an enterprise without weighing the merits of an enterprise, provided that the entrepreneur complies with the conditions specified by law. The proposal provides for the issuance of a uniform entrepreneurial certificate without making distinction as to sectors. Such a certificate should authorize the entrepreneur to pursue any one or several activities.

As compared to the amended procedural rules on the registration of firms, the procedure related to the issuance of a certificate facilitates the administrative burden and accelerates the proceeding. The entrepreneur submits his report on an official form to the specialized regulatory organ. This form actually constitutes the certificate to be endorsed by the specialized regulatory organ. Following endorsement (approval), the document completed by the entrepreneur serves as the certificate.

The individual entrepreneur may obtain only one entrepreneurial certificate, but this certificate authorizes the

entrepreneur to pursue several, unrelated activities and maintain several premises and subsidiary locations (shops, production-service units). Issuance of an entrepreneur's certificate may be denied only if the fulfillment of the request is contrary to law. Such a case may occur, e.g., if the individual entrepreneur seeks to pursue an activity regarded by law, decree with the force of law, or Council of Ministers decree as a state monopoly, or if the exclusionary grounds enumerated in Paragraph 5 exist.

The proposal provides an opportunity for the pursuit of agricultural production activities and related service provisions without a reporting requirement and without receiving an entrepreneur's certificate. The fundamental reason supportive of this exception is that the pursuit of agricultural production and related service activities is not subject to a permit at present either, and under no circumstances would it be useful to render this liberal system of conditions more stringent.

#### Paragraph 5

In defining the persons excluded from individual entrepreneurial activities, the proposal contains provisions consistent with the general prohibitions prescribed at present. In the interest of ensuring the security of commerce and the protection of consumer interests, the proposal regards primarily the criminal acts whose commission most endangers the purity of economic life (business crimes, crimes against property, and criminal acts violating the purity of public life) as exclusionary grounds. The legitimate functioning of enterprise is also served by the rule which provides for the denial of an individual entrepreneur's certificate to persons who have come into relatively serious conflict with the law before. This is why the proposal excludes from among individual entrepreneurs persons who have received sentences of more than one year in prison for an intentionally committed criminal act. These exclusionary grounds, however, must be taken into consideration only until the convict is relieved of the disadvantageous legal consequences of the criminal sentence.

Special points of view prevail relative to persons having committed criminal acts in relation to which the affirmed judgment of a court has barred such persons from pursuing a certain occupation. In such cases it would not be appropriate to permit that person to pursue in the form of an individual enterprise an activity which he was barred from pursuing in an occupation. Accordingly, the proposal rules out this possibility. Similarly, an individual entrepreneur cannot pursue in the form of an individual enterprise an activity subject to an occupational prohibition established by law, by a decree with the force of law, or by a Council of Ministers decree. The incorporation of this provision in the proposal is warranted by the fact that a present rule is also expected to prevail in commerce in the future. According to this rule, in regard to certain rule violations, a person may be prohibited for a specific period of time (for two years, at present) from being active in commerce if such rule violations are committed repeatedly (three times, at

present) within a short period of time (two years, at present). The continued maintenance of this rule is warranted primarily by consumer protection considerations.

Considering the fact that pursuant to Paragraph 11 of the proposal a natural person cannot have unlimited liability as a member of a business organization, it is also justifiable to rule out the possibility that a member of a business organization having unlimited liability could obtain an individual entrepreneur's certificate. The intent of this provision is to rule out the possibility of accumulating unlimited liability. In the same way, no entrepreneur's certificate should be granted to a person whose certificate has been revoked previously for failing to pay his social security or pension contributions or his arrears in taxes, despite notice to that effect. An opportunity to repeatedly obtain an entrepreneur's certificate based on reporting entrepreneurial activities following the revocation of an entrepreneur's certificate would frustrate the law. This exclusionary ground prevails only until the required payment is made, however.

#### Paragraphs 6 and 7

Paragraphs 6 and 7 of the proposal contain rules for the period of individual entrepreneurial operations under the certificate, and procedural rules with regard to the issuance and revocation of certificates.

Consistent with the decree with the force of law concerning the registration of firms by courts, in regard to individual enterprise certificates, the proposal requires that the individual entrepreneur's certificate show the domicile (the place where central management is performed), the premise(s) (the place where the activities are performed within the state administrative jurisdiction of the domicile) and the subsidiary locations (places where the activities are performed outside of the state administrative jurisdiction of the domicile) of the individual enterprise. In general, the individual entrepreneur's domicile is the shop operated by a private merchant or the workshop of a small tradesman. If, however, an individual entrepreneur has several shops or pursues several types of activities, he must designate one of his shops as his domicile and as the place where he conducts the businesslike management of his affairs. And if the individual entrepreneur has neither a shop nor a workshop (premises), the certificate must show his permanent residence as his domicile.

It is mandatory for the certificate to state the activity (activities) and fields of activity pursued by the individual entrepreneur in the framework of his enterprise. The activity may be singular (e.g. food sales) or of a general character (e.g. commercial activities), but there is also an opportunity for the entrepreneur to request that the entrepreneur's certificate enumerate various types of activities (commercial producer, service provider).

The entrepreneur is obligated to report changes in data within 30 days of the change to the specialized regulatory organ, in order that the changes can be entered on the

certificate. This requirement is warranted by the fact that the legality of an individual entrepreneur's activities may be controlled only if the authorities are aware of the data which constitutes the mandatory contents of the certificate.

The specialized regulatory organ is obligated to examine whether an entrepreneur complies with legal conditions, and whether the activity pursued corresponds with the entries contained in the certificate. Since the function of the specialized regulatory organ is defined as the oversight of legality, the proposal does not delegate regulatory functions related to the issuance and revocation of certificates under the authority of specialized regulatory organs having jurisdiction on the basis of types of activities. In cases involving several types of activities, some problems concerning the enforcement of the law could occur if the authority were delegated on a functional basis to specialized regulatory organs having jurisdiction. (For example, if agricultural, educational, and commercial activities are pursued in the framework of a single enterprise, a dispute may evolve as to which regulatory organ specialized on a functional basis should issue the unified entrepreneurial certificate.)

For this reason the proposal makes a uniform delegation of authority in regard to official functions related to individual entrepreneurs under the authority of the specialized regulatory organs of local council executive committees according to the entrepreneur's domicile, or if such domicile does not exist (e.g. in the case of traditional small tradesmen and private merchants) according to the location of the entrepreneur's premises.

Considering the fact that an individual entrepreneur may operate several premises and subsidiary locations, the specialized regulatory organ having jurisdiction in the area where each of the premise is located is authorized to examine the legality of the entrepreneur's activities pursued at each location, and to check whether these activities are consistent with the conditions prescribed by law and with the contents of the certificate.

The proposal does not provide for the financial and professional quality control of the individual entrepreneur's activities. The settlement of these issues is not the function of this law, and the functions and jurisdiction of state oversight are dealt with by separate legal provisions (e.g. provisions pertaining to commercial and market oversight. These provide uniform rules for the oversight of all firms performing activities in all fields of commerce and trade).

#### **Operating Rules for Individual Enterprise**

##### **Paragraphs 8 and 9**

Individual entrepreneurs may pursue their activities under the same conditions as enterprises, cooperatives, and business companies. In addition to establishing the requirement of having a certificate, the proposal establishes only two conditions for the commencement and continuation of operations. Thus, if an entrepreneur

wants to pursue an activity conditioned by law to be subject to a license issued by the authorities, such activity may be initiated and pursued only if such license has been granted. Licensing authorities of this nature may include e.g. the Public Health and Contagious Disease Station [KOJAL], the fire authorities, the police, the technical division of a council executive committee, or some other specialized authority. The entrepreneur's certificate does not create an exemption from requirements established by other law.

In a similar manner, the individual entrepreneur may pursue activities subject to professional qualifications only if he complies with the qualification criteria, or if he has an employee or helping family member who complies with such criteria. Accordingly, the entrepreneur must not demonstrate that he personally possesses such qualifications. Professional qualifications are required not for the pursuit of the enterprise, but for the performance of the activity which requires professional qualifications.

The proposal establishes the system of professional qualifications in a manner consistent with the systems described in regard to other forms of enterprise. It discontinues the presently diverse qualification requirements that exist in the private sector (e.g. the master's examination) and as a result intends to secure sector neutral regulation of the various forms of entrepreneurship. The qualification criteria contained in various legal provisions apply to persons who perform work in all forms of enterprise equally.

Considering the fact that an individual entrepreneur may have several premises and subsidiary locations, requirements pertaining to professional qualifications must be enforced in all locations where the entrepreneur pursues activities subject to professional qualifications. If, however, at his various locations the entrepreneur pursues activities tied to different professional qualification requirements, these must be enforced in a manner that is applicable to the individual locations.

In the course of issuing the entrepreneur's certificate, the specialized regulatory organ does not examine whether the criteria established by professional qualification requirements exist. The composition of the person's employed and of the helping family members may change; moreover, characteristically, the entrepreneur is not obligated to pursue the activity or activities enumerated in the certificate. On the other hand, if the specialized regulatory organ notes the lack of qualified persons in the course of the operations of an individual enterprise, it is obligated to revoke the entrepreneur's certificate, and, in case of several locations, to prohibit the activities in a given location.

##### **Paragraph 10**

In replacing the present obligation placed upon individual entrepreneurs to personally perform work and to practice their trade, the proposal prescribes a requirement for personal involvement. No opportunity is

granted for a natural person to establish an individual enterprise purely on the basis of a business investment. Nevertheless, the term "personal involvement" must be interpreted broadly. The individual entrepreneur is not obligated to pursue the activity (practice the trade) specified in his certificate, but his involvement may extend to the organizing and management of the enterprise. Thus, for example, the individual entrepreneur may hire a business manager to operate his shop or his premises. This is because the primary interest of the entrepreneur is to permit his capital to appreciate.

The proposal enables the individual entrepreneur to hire employees, subcontractors, helping family members, and students from midlevel specialized training institutions. In a manner different from the corporate law, the proposal does not intend to restrict the number of such persons employed. This is justified by changed economic and social conditions. In the interest of applying more favorable social security regulations, the opportunity to hire "helping family members" as employees, and in a manner contrary to the corporate law, the proposal reserves and defines the persons qualifying as helping family members. This is consistent with rules contained in the decree with the force of law concerning small trade.

#### Paragraph 11

The proposal states that the individual entrepreneur holds unlimited liability: He is liable for the obligations and debts incurred as a result of his operations to the extent of all his property. Any agreement entered into by the individual entrepreneur to the contrary to exclude or limit the entrepreneur's liability is invalid.

In a manner consistent with the corporate law and in order to restrict the accumulation of liability, the proposal states that a natural person may establish only a single individual enterprise, and that simultaneously with operating an individual enterprise the individual entrepreneur may not be a member having unlimited liability in a business organization. That is, the principle of unlimited liability may be questioned if the same natural person has unlimited liability backed by the same property, in several individual enterprises or business organizations. Accordingly, a natural person establishing an individual enterprise may not establish another individual enterprise and may not be an insider in an unlimited partnership (or GMK), or in a limited partnership. Any contract entered into for this purpose is null and void because it is contrary to law. At the same time, the individual entrepreneur may establish an outsider relationship in a limited partnership or become a member of a stock corporation.

On the other hand, individual entrepreneurs who at present are members of, e.g., a GMK, may be exempted from under the legal prohibition until the company ceases to exist. (Proposal, Paragraph 16, Subparagraph 5).

#### Paragraph 12

The proposal prescribes that an individual entrepreneur must designate his open selling business, producer, or service unit with a trade sign. The trade sign must indicate the name of the individual entrepreneur and his headquarters located at place different from store, production, or service unit, as well as the fundamental scope of his activities. This requirement satisfies the need that a trade sign must provide appropriate information to consumers, customers, and the control apparatus. Regarding the name of the business to appear on the trade sign, the proposal prescribes the rules contained in the legal provisions governing the registration of firms by courts, as those provide for the designation of company names. Accordingly, the name of a business may include primarily Hungarian or naturalized foreign words; the firm's name must comply with the rules of the Hungarian language and grammar, etc.

Paragraph 4, Subparagraph 2 of the proposal provides an opportunity by which the performance of agricultural producer and related service activities need not be reported, and need not be pursued subject to an individual entrepreneur's certificate. In relation to this kind of entrepreneur, his land area and farm represent his premises, and he need not report such premises to the council's specialized regulatory organ. As a result of this, the prescription pertaining to the trade sign cannot be applied in regard to agricultural small producers.

#### Terminating the Operations of Entrepreneurial Activities

#### Paragraphs 13 and 14

Paragraphs 13 and 14 of the proposal provide for situations in which entrepreneurial activities are terminated. In this regard the proposal enables an entrepreneur to return his certificate to the specialized regulatory organ in the event that he chooses not to continue operations. The right to pursue individual entrepreneurial activities also ceases if the individual entrepreneur is deceased or if he becomes incapacitated. With due regard for the typical family character of individual enterprise, the proposal provides an opportunity to the widow of the entrepreneur, or to his heir, or if the heir is a minor, to a legal representative of the heir authorized to act on behalf and in the interest of the minor (e.g. guardian) to continue the activities. In a similar manner, the entrepreneur's legal representative, acting on behalf and in the interest of the entrepreneur, may continue with the enterprise if the entrepreneur is incapacitated. To accomplish all this, the proposal establishes only two conditions: The person who exercises the so-called widow's right (this includes also the legal representative) must comply with the other requirements established by law, and the continuation of the entrepreneurial activity must be reported to the specialized regulatory organ having authority and jurisdiction within three months from the date of the entrepreneur's death, or his becoming incapacitated (Paragraph 7, Subparagraph 1).

Thus, for example, in the event that an activity subject to compliance with qualification criteria is pursued, and if (prior to his death or incapacity) the individual entrepreneur himself complied with the qualification criteria, the person who exercises the widow's right, but does not comply with the qualification criteria will be obligated to employ a trained employee or helping family member who complies with the qualification criteria.

The structure in the framework of which these rights may be continued is contained in the decrees with the force of law concerning small trade and private commerce. Although the proposal provides that the right to establish an individual enterprise is an individual right and simplifies this matter, the significance of maintaining this structure may be found in the fact that the populace, consumers, customers, and in general the business partners have greater confidence in an already known, well introduced enterprise.

The proposal does not provide for judgmental decisions to be made by the authority regarding the circumstances under which an entrepreneur's certificate may be withdrawn. In cases specifically enumerated in Paragraph 14, the specialized regulatory organ is obligated to withdraw an entrepreneur's certificate. Such cases include, for example, situations when in the course of enterprise operations a circumstance arises which would have prevented the issuance of a certificate under the law from the outset. Paragraph 5 specifies these causes.

In the event that the specialized regulatory organ notes (e.g. in the course of an inspection) that the individual entrepreneur did not satisfy certain requirements established by this or other law, he must call upon the entrepreneur to restore compliance. In a similar manner, other authorities designated in separate legal provisions are authorized to verify compliance, and to call upon the entrepreneur to comply. Thus, for example, in the course of pursuing an activity subject to licensing by KOJAL, if either the specialized regulatory organ or KOJAL take note in the course of an inspection that the independent entrepreneur did not obtain a permit and that despite notice, beyond the time period specified by law, and beyond the time limit prescribed by the authority he has not satisfied the requirements, the specialized regulatory authority may revoke the certificate. The proposal establishes the related time limit as 30 days, but enables the authority to deviate from this time limitation in a manner authorized by other law, e.g. a shorter period allowed for compliance if the activity causes harm or is dangerous to consumers.

According to the proposal, an individual entrepreneur may pursue several activities and may operate in several premises (subsidiary locations). In the event that the individual entrepreneur does not satisfy the requirements established in this law or in other law with respect to only one of his locations, it would not be warranted for the specialized regulatory authority to terminate the individual enterprise by revoking the entrepreneur's certificate. Therefore, the proposal provides that if the

individual entrepreneur violates the requirements attached to his operations only at one of his premises, the specialized regulatory organ is obligated to prohibit the activities only at that location.

The activities of the individual entrepreneur are subject to examination by the specialized regulatory authority having jurisdiction, and relative to activities subject to a permit and inspection by the authorities having jurisdiction pursuant to other law. Such examinations and inspections take place at the premises (subsidiary locations). In the course of their examination and inspection, authorities may discover grounds for revoking the entrepreneur's certificate. Therefore the proposal establishes the ex officio obligation for inspection authorities having jurisdiction under other law to notify the specialized regulatory organ described in Paragraph 7 without delay.

An entrepreneur's certificate will be revoked if, following notice, he has not paid more than a year's social security and pension premiums due, and his arrears in taxes. In cases involving social security and pension premiums the premiums due relative to the entrepreneur himself, as well as to his employees and helping family members, must be taken into consideration. No new entrepreneur's certificate may be issued until such arrears are paid if the entrepreneur's certificate was revoked on grounds of nonpayment of premiums or tax arrears.

### The Individual Firm

#### Paragraph 15

In regard to partnerships, the corporate law permits a natural person to establish a single person limited liability corporation. In the framework of such a corporation, the entrepreneur operates pursuant to the rules applicable to limited liability corporations, and creditors may establish claims against such entrepreneur only to the extent of the amount of the founding capital recorded in the registry of firms. The proposal provides an opportunity to individual entrepreneurs to establish an individual firm without having to secure the 1-million-forint founding capital. At the request of the individual entrepreneur, he may be recorded in the registry of firms as an individual firm. Despite this fact, however, the potential liability of the individual entrepreneur remains unlimited, and the firm will not constitute a legal entity. The recording of an individual firm in the authentic registry of firms, and the publication of such recording in the official journal, may render the individual entrepreneur's participation in the economy and in the marketplace more favorable, and is expected to increase confidence in the individual entrepreneur by business partners.

In regard to the procedural aspects of being recorded by the court of registry, the proposal makes reference to the appropriate observance of legal provisions applicable to the registration of firms in court.

### Closing Provisions

#### Paragraph 16

Further action must be taken if this proposal is adopted. Legal provisions restricting the entrepreneurial activities of natural persons will be reviewed by 1 March 1990 in the framework of general deregulation. In due regard for this fact, the proposal establishes 1 April 1990 as the effective date of the law.

Adoption of the law concerning individual enterprise necessarily demands that certain provisions of the corporate law be repealed. Thus, the proposal repeals those provisions of the corporate law and the law on foreign investment in Hungary, which limits the scope of foreigners who may establish a business organization or may be members of a corporation. This limitation stipulates that eligible foreigners must have their own firms based on their home country's laws, or that they must be included in their home country's corporate (or other business) register. The suggested provision repeal is warranted by the consideration that foreign investments in Hungary should not be restricted by requirements (prescriptions) of an administrative character (Corporate Law Paragraph 7, Subparagraph 1).

The proposal does not establish limitations as to the number of employees an individual entrepreneur may have. This necessitates the repeal of those paragraphs of the corporate law which establish the maximum number of employees in business organizations, and the combined number of members and employees in GMKs at the 500-person level (Corporate Law paragraphs 10 and 89).

In a manner consistent with the proposal's provisions regarding GMKs composed exclusively of natural persons, it becomes unnecessary to maintain the present provision which restricts activities (according to which a GMK may not pursue activities not authorized by law, a decree with the force of law, or a Council of Ministers decree to be pursued by natural persons). Consistent with Paragraph 4, Subparagraph 2 of the corporate law, the legislative proposal contains restrictions in regard to activities that may be pursued by the individual entrepreneur only with respect to state monopolies (Corporate Law Paragraph 88).

Simultaneously, the adoption of this proposal would supersede decrees with the force of law concerning small trade and private commerce, as well as in regard to program performances.

The effect of this proposal does not bear on the validity of private merchant permits and trade permits issued earlier. The intent of this provision is to relieve already operating entrepreneurs from new administrative obligations, and the council's specialized regulatory organs from having to review existing permits held by already operating entrepreneurs, i.e. from under revoking such permits and the issuance of new certificates.

Since the designation of the legal institutions of small tradesmen and private merchants is changed to "individual entrepreneur," the proposal generally states that wherever legal provisions use the terms "small tradesmen" and "private merchants," these terms should be understood to mean "individual entrepreneurs."

Paragraph 11 of the proposal prohibits individual entrepreneurs from functioning as members with unlimited liability in business organizations. In the interest of protecting the acquired rights, and since unlimited partnerships and GMKs have small tradesmen and private merchant members even at present, the proposal provides a temporary exemption from under the law until such time that the companies are discontinued. Such membership may not be established, however, after a company has ceased to exist, and after the law has taken effect.

#### Paragraphs 17 and 18

The proposal requires the application of legal provisions gaining force in regard to the operating conditions of enterprises established prior to the effective date, and in regard to matters in progress.

It is expected that in the field of individual enterprises, traditional enterprise based on one's own work will remain characteristic. A significant number of entrepreneurs have been active for some time as small tradesmen and private merchants. For this reason the proposal enables entrepreneurs who personally perform the activities to continue to use in the future the designations "small tradesman" and "private merchant," and for those who possess a master's certificate to use the distinguished designation "master."

## POLAND

### Poznan International Fair: New Role, Sponsorship Examined

90EP0461B Warsaw ZYCIE WARSZAWY in Polish  
15 Feb 90 p 1-2

[Interview with Stanislaw Lakowski, director, Poznan International Fair, by Andrzej Zmuda; place and date not given: "We Still Have To Buy and Sell"]

[Excerpt] [passage omitted] [ZYCIE WARSZAWY] In the present economic situation, does it make sense to organize several international and domestic events each year on the grounds of the Poznan International Fair (MTP), given that we have to deal with an enormous recession in production on the domestic market and for export, a drop in supply and demand?

[Lakowski] It would be a huge mistake to question the sense of this and make MTP only a regional event. Our opening up to the world at this time should actually encourage us, despite the absence of an economic revival

right now, to see to it that MTP remains a place of meetings and transactions for Polish and foreign customers.

[ZYCIE WARSZAWY] But MTP is not just Poznan. In recent years there has been "Interfashion" in Lodz (light industry), "Simmex" in Katowice (heavy industry technology and equipment), and "Baltexpo" in Gdansk (the maritime economy).

[Lakowski] That is just one more proof how much these types of events are needed. With the exception of "Baltexpo", they are arranged by MTP with the idea that not only universal fairs are needed, but also specialized fairs, arranged in economic regions which are more closely related, thematically, to a given offer.

Events outside of Poznan are very useful, although in other cities the professional fair infrastructure is lacking. And although they are far from modern or perfect, we already have such facilities in Poznan. We are constantly expanding and modernizing our crowded terrain.

[ZYCIE WARSZAWY] May we have some examples?

[Lakowski] Last year we completed a new Polish glass and ceramics building, equipped with modern display equipment, conference rooms and audiovisual equipment. The display surface covers over 5,000 sq m. New automotive and electronics buildings have been added.

We have modernized a few exhibit buildings. Heat from the municipal supply was connected, which will extend the fair season for practically the entire year. We have replaced the communications network and the sanitation system, and updated the construction of a multifunctional large three-story building which will be something on the order of a universal service center.

[ZYCIE WARSZAWY] Will you have enough money for this?

[Lakowski] It is hard, because the cost of materials is insanely high, but with the help of producer-exhibitors we can cope. We are counting on the fact that MTP will be included under the new economic policies, that the continuity of the developmental policy and program of the fairs will be preserved. After all, we have been self-sufficient, but whether that will be the case in the future, we do not know.

[ZYCIE WARSZAWY] Well, that's just it. In the past, although you had full economic independence, you were connected with the Polish Chamber of Foreign Trade, and this, as we know, will cease to exist and will be included in the domestic economic chamber. Will this not threaten the position of MTP?

[Lakowski] I believe that in this reorganization the MTP will not be lost, but rather will solidify its independence. On the whole, we are, after all, an income-producing enterprise. A new MTP statute is being prepared, which is to be defined by the minister for foreign economic cooperation.

[ZYCIE WARSZAWY] Concretely: Will more exhibitors come to this year's 62d International Fair than a year ago?

[Lakowski] Last year there were exactly 9,310 exhibitors, including 3,000 from abroad, almost a million visitors, about 2,000 journalists, including 139 foreign. For this year the list is not yet closed, but we already see an upward tendency.

This year, in addition to the one in Lodz, there will be another "Interfashion", and there will be nine specialty fairs and international exhibits in Poznan.

[ZYCIE WARSZAWY] Those are events in the area of foreign trade. But the department of domestic trade is also interested in Poznan. Will more domestic fairs be held in March? Do you believe it makes sense to organize them? Will exhibitors be there? After all, MTP is charging more and more for exhibit space and there will be less goods this year...

[Lakowski] The spring fairs will certainly take place, everything pointsto this. If there are fewer exhibitors it will be more because of lack of a concrete bids than for lack of money for exposition. But judging by the growing stocks of goods, which for various reasons consumers are not buying, perhaps for "Spring '90" producers will finally exert themselves to sell their products, and not the traders to purchase them, as has been the case thus far at the domestic fairs.

Fair events, of which, we hope, there will be increasingly more (that is precisely why we are modernizing our buildings), should bring us more and more income. Already today we see a sixfold turnover in our exhibit floor space during the course of a year. This is a turnover rarely seen in the world. That is why we do not want to lose the momentum and efficiency we have achieved....

[ZYCIE WARSZAWY] If, in addition, the city service infrastructure were to keep up with you...

[Lakowski] That is a fact. There are still too few hotels and restaurants in Poznan. Our customers, particularly the foreign ones, are exasperated most of all by the lack of efficient telephone and telex communications, and so on. Poznan does not have enough international lines, to say nothing about the physical ability of making a quick and successful connection.

We must buy and sell, and it must be with the whole world. All fairs are for this purpose, and so are ours. Particularly because, after all, we are building a market economy.

#### **Privatization: Benefits, Possible Forms, Social Reservations**

90EP0458A Warsaw RZECZPOSPOLITA in Polish  
9 Feb 90 pp 1-2

[Article by Marek Dabrowski, secretary of state, Ministry of Finance: "How To Privatize: Fewer Rules, More Life"]

[Text] The discussion of the program for changes in modes of ownership in the Polish economy has entered upon a decisive stage. It abounds in disputes concerning successive drafts of privatization decrees. These controversies ensue from both the lack of a consensus on the economic, social, and political aims of privatization and the shortcomings of specific legislative proposals which pay lip service to a kind of orthodoxy instead of allowing for the social and economic realities in our country.

We have entered upon the second month of the implementation of an extremely strict and socially painful stabilization program. This program may not, on the peril of a fiasco, be relaxed with respect to any of the crucial points—as regards budget, currency, wage, rate of exchange, and other policies. But the anti-inflation measures alone will produce only limited effects unless they are followed by a far-reaching restructuring of the modes of ownership and institutions of our economy. What advantages can accrue from a rapid change in modes of ownership?

Microeconomic advantages: greater effectiveness and flexibility of economic measures, demonopolization, promotion of competition and innovativeness, and the creation of conditions for the rise of a capital market.

Macroeconomic advantages: revenues to the state budget from sales of state property, and in the future higher tax revenues owing to the greater dynamism and efficiency of the private sector, and also the absorption of part of consumer incomes for purposes of investment. Large-scale privatization can create in the future macroeconomic conditions for relaxing wage controls and reducing the level of fiscal encumbrances, which in its turn should be an additional stimulus reviving the economy.

Political advantages: an increase in the size of the middle class, which constitutes a natural social base for a democratic system and a market economy.

Psychological advantages: enabling a majority of the citizens to participate in the changes in modes of ownership can be a substantial factor compensating for not only the chronic ailments of the centralized and etatized economy but also the major shortcomings of the currently implemented stabilization program (above all, for the marked decline in real incomes).

### Social Conditions

At the same time one should be aware of the major social and economic conditions which are bound to affect the shape of the program for changing modes of ownership. This concerns chiefly the following facts:

- 1) An egalitarian and populist atmosphere.
- 2) Mistrust of changes in modes of property owing to the mistakes made by the previous administration (the phenomenon of the so-called proprietization of the nomenklatura).

3) Property inequities, ensuing from the political and economic flaws in the traditional system (under which material privileges were derived from one's position in the apparatus of political power or from active participation in the underground economy), which afford unequal opportunities for sharing in the privatization of state property.

4) An absence of developed institutions of the capital market.

5) The coming grave financial problems (including bankruptcies) of a number of state enterprises, anticipated to occur in the next few months. The only salvation for these firms would often be a rapid transformation of the mode of their ownership, and with the participation of foreign capital at that.

What conclusions ensue from this necessarily abridged analysis to the program for changes in modes of ownership?

First, this must be a relatively rapid process that will serve to reduce the share of the state sector in generating national income by some 15 or so percent in the next two to three years. This means that a choice must be made among many roads to privatization and a flexible and open approach has to be adopted toward various grassroots initiatives. The process of changes in modes of ownership should occur profitably, openly, under public control and under public acceptance, including acceptance by the workforces of the enterprises to be privatized (this does not apply to cases of bankruptcy and receivership). Any administrative arbitrariness is bound to damage this process. Any eventual strike could stall this process for quite a few months.

In view of this it is difficult to accept the philosophy of one exclusive road to privatization, i.e., of selective sale on the open market of the shares of the best enterprises (upon their conversion to single-person joint-stock companies owned by the State Treasury) which were moreover previously "restructured" by hand and had their debts relieved at the expense of the state budget. For it may turn out at a certain moment that, instead of gaining additional revenues, the state budget may have to pay additional subsidies. And what about the enterprises with mediocre performance, worse than mediocre, or quite bad ones? If the state is to work for the economic recovery of firms of this type by means of administrative manipulation, what is the point of speaking of changes in modes of ownership, and of the market mechanism, in the first place? Is the process of these changes to take place chiefly on the basis of arbitrary decisions of government agencies with huge discretionary powers?

### Many Roads

At present the following forms of privatization are conceivable:

- 1) The sale of shares owned by the State Treasury, upon first converting certain state enterprises to joint-stock companies.
- 2) The sale of material assets of state property or of state enterprises.
- 3) The sale of entire enterprises or of isolated parts (e.g., a plant department) of operating enterprises.
- 4) The leasing or rental of entire enterprises or their parts.

This does not exhaust the possible scenarios for privatization. Real life will of a certainty suggest additional scenarios, and hence the regulations governing privatization should be worded relatively flexibly, with only fundamental principles being formulated.

The diversity of approaches to changes in modes of ownership also applies to the kinds of new owners. In addition to open sales to all citizens and institutional investors, allowance should also be made for special solutions suitable for particular social groups, e.g., farmers, pensioners, employees of privatized enterprises, civil servants. In many cases this will require creating special institutions for promoting the process of privatization, e.g., banks offering loans for the purchase of stocks, foundations, and, in the future, also tax exemptions promoting the acquisition of titles of ownership by the broad public.

Also conceivable is the transfer of stock in privatized enterprises as a form of partial compensation for the decline in the real purchasing power of wages, annuities, retirement pensions, etc., inevitable while the stabilization program is being implemented. This thinking may, to be sure, be accused of a kind of populism, but I personally believe that this is the kind of populism which can be accepted and does not conflict with the stabilization program, unlike the populism based on wage and income claims.

#### **Employee Stock Ownership**

This idea, on the one hand, enjoys broad popularity in the Polish society, but on the other, fingers are being pointed at its leftist, antimarket origin and labels such as "economic Bolshevism" are being applied to it. It seems that here we are dealing with a case in which emotions and ideological bias prevail over objective knowledge. In Western countries employee stock ownership is supported not by leftist forces but by centrist-rightist forces. The left takes a reserved position, because privatization of employees is more appropriate to an ideology of social solidarity than to the ideology of class struggle, and curtails the role of trade unions, collective bargaining agreements, strikes, and so on. Western experience shows that the economic effects of employee stock ownership are in general unequivocally positive. In the modern economy the employee is not just a passive executor but a cocreator of the production process. Their

privatization alters fundamentally the economic motivation of employees and extends its horizon. These are indisputable facts.

This is not, of course, a universally feasible concept, but it should be taken into consideration as one of the many roads toward denationalizing the Polish economy.

#### **Urgent Call To Lower Prices in Construction Industry Noted**

*90EP0459A Warsaw RZECZPOSPOLITA in Polish  
14 Feb 90 p 2*

[Article by A.Z.: "Price Cuts Are the Best Way Out"]

[Text] Construction is stagnant. The high cost of credit and the even higher prices of materials and products result in that, despite the favorable conditions, little is being built. But though construction sites are dormant, the plants manufacturing building materials and products are operating at full steam.

There can be only one consequence of such a situation: the material zatory are increasingly grave. Depots and warehouses of not only producers but sellers are full to the rafters. The best proof is the zero turnover on the bourses for building materials.

The Chamber of the Producers and Sellers of Building Materials and Products is aware of this problem. It has just barely been established, but it already directed an appeal and a proposal to those who produce and to those who sell: cut your prices!

Instead of hiking the prices of their products or maintaining these prices at very high levels, producers should introduce clearance sales. Merchandise that is sold at lower prices but more rapidly will free warehousing space. Then workforces will not have to be given forced leaves or partially laid off. Lower prices, bonus coupons, and sales at premiowa—that is what can cause a revival among producers.

#### **Furniture Factory: Soviet Trade, Stocks, Retail Outlets Discussed**

*90EP0459B Warsaw ZYCIE WARSZAWY in Polish  
12 Feb 90 pp 1-2*

[Interview with Dr. Andrzej Pawiaik, director of the Swaredzki Furniture Factory, by Henryk Jezierski; place and date not given: "Let Us Not Lose Our Minds"]

[Text] [ZYCIE WARSZAWY] So much could be written about the purchases of furniture from your factory by prominent and highly placed members of the nomenklatura.

[Pawiaik] I said to myself that what matters most is that I succeeded in getting everyone to pay for their purchases.

[ZYCIE WARSZAWY] The way things look, Swaredzkie Furniture Factory is immune to the crisis.

[Pawiak] In 1980 we commenced exporting, and our exports totaled \$3 million. This year they totaled \$20 million. We used to have access to only one market in the West, but now the range of our customers has broadened and we are shipping furniture to Japan, Canada, the United States, England, and the FRG. We also are supplying a great deal of furniture to the domestic market. All this time our view has been that any government administration in a country with a substantial foreign debt simply cannot be unfavorably disposed toward good exports. And our view has proved right.

[ZYCIE WARSZAWY] This would not have been possible without substantial investment outlays, would it?

[Pawiak] During the years 1977-78 when the [economic] crisis already was evident, we commenced to modernize our enterprise and started to build a plant in Mosin and a chair plant. At the same time, we stressed energy and heat conservation by manufacturing double window frames, doors, and roofs, installing new boiler rooms, assuring an economical transmission of heat, and building roads and partitions. That was an extensive program and we succeeded in translating it into reality.

In 1987 we availed ourselves of our first possibility for carrying out a proexport investment project with the participation of foreign capital: We concluded an agreement with a Swedish company, IKEA, for leasing from them machinery and equipment for \$5.5 million. As a result, we built the plant in Mosin which attained its targeted output capacity within 2 months and is paying off.

[ZYCIE WARSZAWY] What has been this year like, so far?

[Pawiak] For the first time in 15 years we do not have a manpower problem. In 5 days of this year we offset our manpower shortage and we no longer have problems with shortages of stokers, mechanics, or truck drivers.

It seems to me that the worst problems will face those who failed to exploit the period of [economic] regression in order to improve the quality of their products. Because soon now there will occur a collision between a full-supply market and shoddy merchandise. Even now retail trade is stumbling owing to the price increases and the scarcity of money. No one understands what it means to remain at a street market at noon with a cartful of radishes. One should be in the West and see the face of the proprietor or director of a multistory warehouse stuffed with unsold furniture. He arrives in the morning, cannot eat breakfast, and swallows tranquilizers. There is no demand and he has sold nothing; therefore, he has no money to pay for salaries and supplies and is threatened by bankruptcy.

We never wanted to open stores of our own, in the belief that our business is to manufacture. But the retail trade is adding such high profit margins as to cause a headache. This attitude of retail trade is forcing us to attend

to selling on our own. They sell our bookcases at a surcharge of 2 million zlotys. What for? For selling the bookcases within 24 hours.

[ZYCIE WARSZAWY] What about your suppliers? A year ago you complained about the monopolist actions of suppliers of raw and other materials who seized the monopoly on collecting hard currencies from your factory.

[Pawiak] No one demands dollars any longer, because they are now freely convertible, and likewise it is now possible to purchase raw materials abroad.

A negative aspect of the last few weeks is the absolutely uncontrolled price increases, especially for producer goods. It is untrue that prices are rising 40-50 percent. Steel producers raised their prices by a factor of 10-11 and [chip-, fiber-]board producers by a factor of four. We are doing everything to avoid going crazy and to prevent the increases in the prices of our furniture from going higher than 50-80 percent, but of a certainty our profits for the first half of this year will be lower than last year. I agree with what Deputy Premier Balcerowicz says, that those who are hoggish about prices will be stuck and will cut their prices, and they'll be lucky if they don't go bankrupt.

The fiberboard factory in Karlin has incredibly upped its prices, so we told them "thanks but no thanks" and instead purchased our fiberboard abroad. But in order to make ourselves independent of the monopolies we are, jointly with other furniture factories and the IKEA company, building a fiberboard plant in Czarnkow and contributing to it our own sawmill lumber because it will be 30 percent cheaper.

[ZYCIE WARSZAWY] What about trade with the USSR?

[Pawiak] For many years we had been a major supplier of the Soviet Union. The current discussions of currency convertibility and the proposals of the government are something that we had been advocating for years. In the past we were chided and told to be quiet on the grounds that since [Soviet] ore and petroleum are so cheap, our furniture should be inexpensive too. But that was one big joke.

[ZYCIE WARSZAWY] At one time Premier Messner was said to have asked you whether trade in furniture with the USSR was profitable.

[Pawiak] I answered him that my head is bald and I am too old not to tell the truth to the premier of my country. This trade could not be profitable because for years we had been selling furniture at the same price despite the increases in the cost of raw and other materials and the numerous claims owing to the fact that the furniture was stored outdoors in rain and shine in Brest and transported in tilt trucks. At present we are curtailing our exports [to the USSR] until a solution favorable to both sides is arrived at. I do not believe that there cannot be

any potential for trade with such a big neighbor as the USSR. A situation in which the Germans and the French would be transporting furniture across Poland to sell in the USSR while we sat with our hands folded would be simply too deplorable. And besides this applies not only to furniture.

[ZYCIE WARSZAWY] Does not your company intend to issue and sell shares in it?

[Pawiak] No one of us belongs to any joint-stock company and we shall not save ourselves with the aid of such a funding source: Either we survive or we die as a firm. Last year I asked the workforce whether they wanted to become coproprietors of our factory. They were hardly interested. Whatever else might be said, the average employee of a state enterprise is poor. He cannot afford to buy stock, as he can just barely survive between one payday and the next. I know our employees: They are honest, industrious, and disciplined people. As with most others, their living standards have declined. Well, is a miner [one of the highest paid occupations in Poland] a millionaire? Anyhow, we cannot sell stock certificates having the value of a bottle of champagne or two bottles of vodka. To be worth anything, a stock certificate must amount to 5 million to 10 million zlotys. On the other hand, a solution exists. In 1981 a law was introduced specifying that profits consist of a part which may be spent on modernization and another part that can be earmarked for wage increases. But at our factory with its sagacious worker self-government and sagacious workforce, we decided to allocate a sizable sum, about 15 billion zlotys, on modernization instead of paying ourselves higher wages. We used these funds to repay loans, among other things. We must and will find some legal rationale for repaying that sum to our employees in the form of stock certificates.

#### **Grain Purchase Shortages: Scenarios for Meeting Demand Outlined**

90EP0457A Warsaw RZECZPOSPOLITA in Polish  
12 Feb 90 p 2

[Article by Edmund Szot: "How To Procure Wheat"]

[Text] Grain procurements from last year's harvest are 800,000 metric tons lower than those from the 1988 harvest. They could not be increased with the aid of the wheat loan. Some increase in deliveries was accomplished only after the procurement prices were raised. On the last day of January these prices ranged from 33,100 zlotys per quintal in Torun Voivodship to 105,000 zlotys in Kielce Voivodship.

In January about 190,000 metric tons of grain were procured, which appears to exceed the original expectations. For it had been expected that only 100,000 metric tons of wheat could be procured throughout the first quarter of the year. The demand for the first quarter is

estimated at 1,140,000 metric tons. Given this situation, four alternatives for providing flour mills with grain were considered:

- a) Wheat purchases abroad.
- b) Raising domestic grain procurement prices to the world-price levels.
- c) Acquisition of [farm] machinery abroad on credit and its barter for grain.
- d) Substitution of agricultural tax for wheat deliveries.

The discrete alternatives differ markedly as can be seen. In the first case, about US\$100 million in foreign-exchange credit would be needed; the second alternative would necessitate raising the prices of feeds, livestock, and wheat flour and baked goods; the third alternative is hardly attractive to Polish farmers (the price ratio of imported farm machinery to wheat is much less favorable). And lastly the fourth alternative is hardly attractive to the state (given the market price of 90,000 zlotys per quintal of wheat, the equivalent tax would be 0.38 quintal per adjusted hectare), and the maximum amount of the thus procured wheat would be not more than 170,000 metric tons.

Most likely, what procurements during this first half of the year would be performed by combining several alternatives (perhaps with the exception of the last one). To agriculture the second alternative, i.e., raising what procurement prices to world-price levels, that is, to 156,750 zlotys per quintal (US\$165 per metric ton) would be most favorable. That would, however, entail a 100-120 percent increase in feed prices along with an about 50-percent increase in beef on hoof, an about 60-percent increase in pork on hoof, and a near doubling of the prices of baked goods.

#### **Warm Weather Prompts Early Planting; Basic Herds Remain Intact**

90EP0457B Warsaw RZECZPOSPOLITA in Polish  
10-11 Feb 90 p 2

[Article by Edmund Szot: "Farmers Are Already Sowing: Winter Calendar Topsy-Turvy"]

[Text] This warm winter is breaking all records. Beginning about 10 December, temperatures markedly above the normal have been persisting. In the third decade of January the difference reached as much as 8.5 degrees centigrade.

Utilizing the abnormal weather conditions (on 8 February 17 degrees centigrade was recorded in Slubice), farmers in many of this country's regions have already begun springtime field work. They are applying fertilizer, carting manure, and plowing. In the western and southwestern voivodships they even began to sow oats.

"In our voivodship farmers are sowing oats in the region of Lubin and Glogow," reports Tadeusz Bojarczuk,

director of the Department of Agriculture, Food Industries, and Forestry at the Voivodship Administration in Legnica. "Normally the sowings there commence late February and early March, but this year they started nearly 3 weeks earlier."

The demand for fertilizers has declined markedly this year, but it turns out that most farmers have accumulated sufficient stocks of fertilizers even before the price increases. The proportion of those who had failed to do so is estimated by Director Bojarczuk at 12-15 percent.

The condition of the winter crops is good for the time being, although the drought is already getting to be too long. But the warm winter has also its bad side, in that it promotes the survival of rodents.

The mood of the Legnica countryside varies greatly, ranging from moderate optimism to extreme pessimism. However, the historical reactions are not being observed. Despite the commonly voiced belief in unprofitability of livestock production, no excessive sales of sows and cows, i.e., of so-called basic herd, are being observed.

**GERMAN DEMOCRATIC REPUBLIC****Long-Secret Social Statistics Published**

*90GE0056B West Berlin DIE TAGESZEITUNG in German 9 Mar 90 p 6*

[Article by Vera Gaserow: "GDR Social Data No Longer Secret"]

[Text] What for years was only examined behind locked doors and what only government and party leaders were allowed to see in no more than 10 copies, is now public: a comprehensive statistical and sociological examination of the GDR situation and condition. In 350 pages, the Academy of Sciences' Institute for Sociology and Social Policy, along with other researchers, has collected and actualized the material deposited in safes. The 1990 Social Report, which also will be available in bookstores starting in April, is supplemented by an opinion poll which the institute held in early January on the social well-being of the GDR population.

One of the less surprising key findings of the investigation: the "probably unique situation in the world—a country's continual population loss during its entire existence." The decline in population will have severe ramifications for the future, according to the Social Report prognosis. Even without further emigration to the West, the GDR population will, by the year 2000, be down to 15 million, and the potential workforce will have shrunk quickly.

Among the most interesting—because so far tabooed—findings of the report are the suicide and crime data of the GDR. In 1988, some 4,768 people committed suicide in the GDR, including twice as many men as women. In terms of total population, the GDR ranks significantly above the suicide rate of the FRG, yet significantly below the FRG in terms of criminal offenses. While, in 1988, the GDR authorities registered some 120,000 criminal offenses, the FRG, with a population four times the size of the GDR, reported in excess of 4 million criminal acts. To be sure, in the GDR as well, half of the registered criminal offenses were burglaries. However, they are quickly followed by the 20 percent of offenses described as political offenses which took second place in the crime statistics. Another noteworthy comparison: Although the number of abortions in the GDR and its 16 million inhabitants has slightly dropped in recent years, it is, with 80,000 abortions a year, just as high as the officially registered number in the FRG and its population of 61 million.

According to the latest Academy of Sciences poll, one-third of the GDR population indicated that they were "satisfied to very satisfied" with their lives overall. But approximately half of the interviewees said they were only partly satisfied with their lives. Only one-third of the GDR's population feel healthy and productive. Some 94 percent stated that they feel socially secure. However, the Social Report data indicate clearly that an income differential has a negative effect primarily on the

elderly and on women. Hence the income of the 2.8 million social security recipients—both men and women—in the GDR is near the poverty line. The monthly social-security income averages 443 marks, and older women have 100 marks less to live on than men. Today, old people in the GDR must get along on one-third of the money earned by working citizens. Savings accounts as well show significant income differentials, which the Social Report breaks down into more detail for the first time. With total savings of over 170 billion, each GDR citizen has, purely statistically, 11,000 marks in his accounts. But the fact is that 20 percent of account holders, or 4 million depositors, own 80 percent of all savings (120 billion marks); that means that a small minority has accumulated savings far in excess of 10,000 marks, the majority very much less.

The greatest worries of women in the GDR are about wages and prices. Second on the list are environmental problems. Some 80 percent of the interviewees said they were "dissatisfied to very dissatisfied" with the environmental situation in their country. Work continues to be an extremely important part of life among the GDR population, with women working, at least on paper, more hours than their FRG neighbors. With 43.7 hours a week, working hours in the GDR are higher than in the FRG (40), Hungary, and the USSR (both with 41 hours). Employees in the GDR get less leave than their colleagues in other countries and retire two to five years later than their neighbors, both east and west. Therefore, over a lifetime, people in the GDR work longer than elsewhere, but the data reveal nothing about workload and work intensity. In fact, according to the poll results, at least 43 percent of workers feel they are overworked or, at least partially, underemployed. Compared with their FRG neighbors, GDR citizens do better in the area of eating and drinking. Their meat consumption (100 kg per person per year) equals that of the FRG citizens, and also in terms of beer, they drink almost as much: exactly 143 liters per year.

**Population's Psychological Problems Noted**

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[Article by Anneliese Hofmann: "Does the New Freedom Make People Sick?—How GDR Citizens Handle Change Psychologically"]

[Text] As an example, the waiting room of Dr. Peter Sahr, general practitioner in East Berlin's Koenig district. Not only is it overcrowded this weekday in February, but there will be long waiting periods. The doctor notes, "There are growing manifestations of psychosomatic illness. Stomach ailments, headaches, insomnia. The rate of people medically certified to be too sick to go to work would be higher were it not for their fear that their absence from work might lead to the early abolition of their jobs...."

A mood of crisis everywhere. Where only a few months ago, euphoric enthusiasm—opening of the wall; freedom

of travel, speech, and assembly; some foreign currency—reigned, depression and fear of the future are now on the increase. Practicing doctors in the GDR, who are then consulted by most patients, can tell a thing or two about it.

There are many reasons why a large number of GDR citizens find it hard to come to terms with the new situation in their country and are unable to enjoy it. One of them was already mentioned over a year ago at the Congress of Psychotherapists in East Berlin, namely, that people need therapy.

At the time, the psychotherapists and psychiatrists stated—and the condition of their clients had helped them make such an assessment—that, in the GDR, the recognition and resolution of conflicts lead to grave, irreconcilable contradictions. The individual is more or less helplessly at the mercy of the situation. And only social changes can help resolve the contradictions between the propagandized high expectations of "genuine existing socialism" and the reality they have experienced.

The social change had been longed for a long time, but it hardly turned out as expected. Still, society's "internal" condition has not improved. Dr. Hans-Joachim Maaz, chief of psychotherapy at the Evangelical Social Welfare Organization in Halle, describes it as the result of a "serious pathological societal development." And also, "The average GDR citizen relies on authority and is emotionally repressed; above all, he is incapable of enjoyment." Maaz stated during the recent establishment of a Community for the Advancement of Psychoanalysis, that this produces, as a result of his repressed aggressiveness and pain caused by life's deficit, chronic muscle tenseness, a rigid way of life, and performance that are based on compulsive behavior. Other results are that he resorts to the use of tranquilizers—Maaz includes alcohol, nicotine, medicines, and gluttony.

Actually, questions about the illness-causing new freedom cannot be asked in that way. It is not that warped people fall sick when faced with such a fundamental change in their lives and values, because they already are sick. But they cannot get rid of their problems overnight either. On the contrary, there will be others that confront them, and—this is probably an important aspect—they have not learned how to handle problems and conflicts.

And Leipzig's Prof. Dr. Michael Geyer, chairman of the GDR Society for Psychotherapy, Psychosomatics, and Medical Psychology, states on this subject, "All of a sudden, the protective outside direction, under which the GDR citizen had lived for decades—older people in the course of two dictatorships—is gone. The results are a shattered identity and a serious feeling of insecurity. Everybody handles it in a different way, but for many people, the situation leads to narcissist depression, serious illness and an inability to overcome them. In the practices of psychotherapists and psychiatrists, this manifests itself as noticeably intensified cases of phobias,

such as claustrophobia (abnormal fear of being in closed spaces) and agoraphobia (abnormal fear of being in open spaces), as well as organ-related fears—heart pain, etc."

Is therapy useful? Opinions differ. The above-mentioned psychotherapist Maaz would like to see broad-based social therapy, a "psychological revolution—that means, uncovering and ending human alienation and split personality, coming to terms with the past by talking about it, regaining joy in the satisfaction of basic needs..." Although Geyer agrees that talking is necessary—"It is a matter of accepting one's own guilt"—it is too much to expect psychotherapy to have a decisive impact here. "Society must suffer for a while; this is the only way to resolve conflicts and create the feeling of self-worth needed to handle other, surely upcoming situations of conflict...."

#### Crisis Telephones at Churches

Workers and "volunteers" of self-help groups and health centers are well aware that many people consider these new conflict situations very depressing. This is a social area that has started to develop in recent years, very gingerly at first and after overcoming many institutional hurdles. Crisis telephones at churches have existed for a very long time, but more or less secretly. Then, a few years ago, the first "telephone of confidence" was set up as a facility of Leipzig's public health system. Already at that time, reaction was unexpectedly great, and soon the calling hours had to be extended and the number of workers increased. Since 1988, experiences in Berlin were similar. The director of confidence telephone, Dr Brigitte Wendte, specialist in neurology and psychiatry, commented on the present situation as follows, "We clearly see existence-related anxieties. The elderly, who fear for the fruits of their lifelong work, and younger people, whose job is, or at least appears to be, endangered..."

For many, the most important aspect of the anonymous telephone calls is an opportunity to talk to somebody about their worries. "Others expect concrete advice. Whenever necessary, we offer to continue the conversation at the doctor's office."

The doctor also confirmed that calls concerning alcohol abuse are becoming more and more frequent. Wives seek advice because, more often than in the past, the partner now comes home drunk. And many of those who need help, according to the men and women at the other end of the telephone line, seek their salvation in the bottle first, before picking up the telephone.

An area that is expanding almost every day: self-help groups. There was already a need for them then, and this was stressed during the above-mentioned psychotherapist's convention in early 1989. However, the control system of "real existing socialism" had not seen the need to take action. Hence it is no wonder that these groups are now growing like mushrooms from the prepared

soil—with a spectrum similar to that of the FRG. But typical for the GDR are probably those offering help in conflicts with, and in, societal changes. An Evangelical minister in Frankfurt/Oder invited former members of the state security service and their victims for a talk and that was legitimized by the New Forum. This way of thinking did not only bring him well-meant calls.

Tolerance, as many people who worry about societal balance are finding out in the GDR today, is not a characteristic in these days. On the contrary. Here again is Prof Geyer, "In the final analysis, this is again stems from a lack of self-worth. Scapegoats are chosen to deflect from their own guilt, from their own failure...."

And Christian Gehlsen, the minister from the Oder River, "I would very much like to open a social therapeutic advisory service." Not too long ago, the writer Helga Koenigsdorf published a telephone number for such contacts in several newspapers. They and others

offered assistance for emotionally distressed people. No individual advice, instead solidarization. Already, some people seeking help had several meetings; the need, the well-known author says, is gigantic.... "What worries me very much is the humiliation which we will not be spared. It is so difficult to let humiliations end with oneself, i.e., not to pass them on to others. Humiliated peoples tend to think racist thoughts or display national arrogance."

These days, reality in the GDR shows very clearly an inability to handle the past as an individual and as a member of society: nationalist calls, extremist tendencies from Left the Right, and hundreds of fortunately empty bomb threats, are clear signals. In addition, there is the tendency among a not-so-small group of people to move, unconditionally, from one "overprotection" (that of the erstwhile ruling party) to the next (that of the FRG). It will not be easy to heal the "ailments of battered souls."

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